

MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (the "Agreement") is made and entered into as of the 19th day of April, 2017 by and between AMERICAN PROMISE SCHOOLS ("APS"), a Michigan non-profit corporation, and MACDOWELL PREPARATORY ACADEMY (the "ACADEMY"), a Michigan public school ACADEMY organized under Part 6A of the Revised School code, as amended MCL §§380.501 to 380.507 (the "Code").

WHEREAS, The ACADEMY is a public school ACADEMY located at 4201 W. Outer Drive, Detroit, Michigan authorized pursuant to a contract (the "Contract") issued by Detroit Public Schools Community District ("DPSCD"); and

WHEREAS, The ACADEMY operates under the direction of a Board of Directors ("ACADEMY Board"); and

WHEREAS, APS is a Michigan non-profit corporation which will provide for educational and managerial services to the ACADEMY

WHEREAS, APS, through the educational and managerial services it provides, will implement a comprehensive educational program and management methodologies for the ACADEMY, and

WHEREAS, The ACADEMY Board desires to engage APS to provide certain services related to the ACADEMY's Educational Programs as set forth in the Contract ("the Educational Programs") and operations.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

ARTICLE I CONTRACTUAL RELATIONSHIP

A. Authority. The ACADEMY has been granted a Contract by DPSCD to organize and operate a public school academy pursuant to the terms and conditions set forth in the Contract and related attachments. The ACADEMY Board is authorized to enter into binding legal agreements with persons or entities as necessary for the operation, management, financing, and maintenance of the public school academy; provided that no provision of such a contract shall be effective to the extent it conflicts with the Board's statutory prerogatives, and duties or the terms of the Contract, or the DPSCD Educational Service Providers Requirements (the "ESP Requirements").

B. Contract. Acting under and in the exercise of such authority, the ACADEMY Board hereby contracts with APS, to the extent permitted by law, for specified functions relating to the provision of educational services and the management and operation of the ACADEMY, provided, that this Agreement is subject to all of the terms and conditions of the Contract and the ESP Requirements. In the event of any inconsistency between the provisions of the Agreement and the provisions of the Contract, the provisions of the Contract shall prevail.

1. **Status of the Parties.** APS is a Michigan non-profit corporation, and is not a division or part of the ACADEMY. The ACADEMY is a body corporate and governmental entity authorized by the Code, and is not a division or part of APS. The relationship between APS and the ACADEMY is based solely on the terms of this Agreement. APS will be solely responsible for its acts and the acts of its agents, employees and subcontractors, provided, that this language shall not limit the indemnification agreements provided herein below. The parties to this Agreement intend that the relationship between them created by this Agreement is that of an independent contractor. Employees of APS are not employees of the ACADEMY even if they work exclusively at the ACADEMY's Facility (as described in the Contract). No employee of APS shall be deemed to be an agent of the ACADEMY, except that employees of APS, to the extent they have a legitimate educational interest in so doing, shall be designated as "school officials" by the ACADEMY Board under 20 U.S.C. §1232g, the Family Educational Rights and Privacy Act ("FERPA"); and the ACADEMY shall disseminate the notice(s) required pursuant to FERPA and its related regulations.

ARTICLE II

TERM

A. Term. Except as otherwise provided in this Agreement, this Agreement shall become effective July 1, 2017 and shall continue on, unless terminated sooner, through June 30, 2022. ("term"). A copy of the Charter Contract is attached as Exhibit B..

B. Renewal. Should DPSCD reauthorize the Contract beyond the term set forth herein, the ACADEMY Board shall consider the renewal to be a positive factor in deciding whether to renew this Agreement, which may be renewed upon approval by the ACADEMY and APS subject to non-disapproval by DPSCD. On or before May 1 in the academic year in which the Term or any renewal term expires, the ACADEMY shall review the performance of APS and may provide notice of its intention to approve a new agreement for an additional year or years, subject to the negotiation of the terms for the new Agreement and the issuance of a new charter contract by DPSCD. In the event that the ACADEMY Board takes no action as contemplated herein, and the ACADEMY Board and APS do not renew this Agreement at the end of its Term, APS shall cease to be obligated by the terms and conditions recited herein as of midnight, June 30 or August 31, if the Academy has an extended school year in the year of termination) of the last effective year of this Agreement and shall have no further responsibility or liability to the Academy, except as follows:

1. Close the books on the final year of operations as of June 30 and prepare financial records necessary for the audit of the final year of the Agreement in audit-ready form, and hand said records off to the ACADEMY Board or successor management company. In the event that the school calendar runs past June 30 in the year in which the Contract terminates, APS shall have the business and financial records of July 1 through the date of APS's last day of service complete and ready to hand off in a manner and form in keeping with industry standard to the ACADEMY Board or successor management company.

2. Complete student records for the final year of the Agreement and hand them off to the ACADEMY Board or successor management company.
3. Complete and organize all Academy documents, including without limitation minutes, third party contracts, correspondence relating to Academy business, notices, and so forth, and hand them off to the ACADEMY Board or successor management company.
4. Complete all reporting and compliance requirements attributable to final year of operation.
5. Provide inventory of school owned property, intellectual property, and all other property purchased using ACADEMY funds. APS should also provide to the ACADEMY Board a list of any and all assets of APS that were brought to the ACADEMY for use in implementing its obligations under this Agreement.

The parties may agree upon additional transition services to be provided by APS, and a reasonable fee to be charged by APS for such additional transition services.

ARTICLE III FUNCTIONS OF AMERICAN PROMISE SCHOOLS

A. Responsibility. APS shall be responsible and accountable to the ACADEMY Board for the ACADEMY's administration, operation, and performance. On and after July 1, 2017, APS shall be responsible for the ACADEMY's day-to-day management and shall undertake such responsibilities in good faith and in the ACADEMY's best interests. APS is granted such power and authority on the ACADEMY's behalf as is reasonably necessary or appropriate to perform its obligations under this Agreement. Nothing in this Agreement shall be construed to confer upon APS authority to act where the Code requires official action by the ACADEMY Board or where such action is in conflict with the ESP Requirements. APS shall be responsible for full implementation of the services detailed in Exhibit A.

B. Educational Program. APS shall implement all educational undertakings at the ACADEMY, as set forth generally in Contract (the "Educational Undertakings") and shall be responsible for developing and implementing a program in conformity with DPSCD's and the MPA board of directors' academic goals as set forth in the Contract. In the event that APS determines that it is advisable to significantly modify any of the Educational Undertakings set forth in the Contract, APS will provide written notification to the ACADEMY Board specifying the changes it recommends, the reasons for the proposed changes, and the basis for or metric as to how the change will meet or exceed the Contract and educational goals. As the Educational Undertakings are an integral part of the Contract, no changes in the Educational Undertakings shall be implemented without the prior written approval of the ACADEMY Board, which may be fulfilled by action of the ACADEMY Board at a meeting convened pursuant to the Michigan Open Meetings Act, Act 267 of 1976, as amended, MCL 15.261, et. seq. (the "Open Meetings Act") and approval by DPSCD through the process set forth in the Contract for amendment

thereof. APS shall provide the ACADEMY Board with written reports on a quarterly basis specifying the level of achievement of each of the ACADEMY's Educational Undertakings as set forth in the Contract and detailing its plan for meeting any Educational Undertakings that are not being attained.

It is understood by APS and the ACADEMY that the Authorizer's metrics of educational performance, and growth towards those metrics, is essential and constitutes a high performing school. It is also understood that the public measurement is the State designated assessment, and that continued growth and comparison of first the composite district and second the state benchmarks is the desired goals. APS in cooperation with the ACADEMY will work toward attainment of these Educational Performance metrics.

C. Subcontracts. It is understood that APS will utilize subcontracts to provide some of the services it is required to provide to the ACADEMY including but not limited to transportation and/or food service and special education services. APS shall not subcontract the management, oversight or operation of the educational program, without the prior written approval of the ACADEMY Board. ACADEMY Board prior approval of other subcontracts is not required unless the costs for these subcontracted services exceed the funds appropriated for that purpose in the ACADEMY's approved budget, or DPSCD such approval is required by law, or the subcontract is for human resource services and includes the ACADEMY's teaching staff. Any subcontract entered into by APS shall not release APS from its responsibilities to the ACADEMY and ACADEMY Board.

D. Place of Performance. Instruction services other than field trips and activities and courses at college campuses or internship sites will normally be performed at the ACADEMY Facility. APS may perform functions other than instruction, such as purchasing, professional development, and administrative functions at off-site locations, unless prohibited by the Contract or applicable law. The ACADEMY shall provide APS with the necessary office space at the ACADEMY site to perform all services described in this Agreement. All student records and books of the ACADEMY, as well as copies of minutes of both regular and executive sessions of the ACADEMY Board and all required compliance materials ("ACADEMY Documents") shall be maintained at the ACADEMY site at the ACADEMY's sole expense. For purposes of this agreement, the parties acknowledge and agree that the term "acceptable format" shall mean a format compliant with all applicable law, including the Freedom of Information Act, and in compliance with all applicable requirements set by state and federal agencies, including any record retention schedule published by the Michigan Department of Education.

E. Acquisitions. All acquisitions made by APS for the ACADEMY and purchased with ACADEMY funds, including, but not limited to, instructional materials, equipment, supplies, furniture, computers and other technology, shall be owned by and remain the property of the ACADEMY. APS and its subcontractors shall comply with the Code including, but not limited to, sections 1267 and 1274 and the ACADEMY Board's purchasing policy as if the ACADEMY were making these purchases directly from a third party supplier and APS will not include any fees or charges or other markups to the cost of equipment, materials and supplies purchased from third parties when it seeks reimbursement for the cost of these acquisitions.

APS shall create and maintain an annual inventory list of all equipment, instructional materials, equipment, supplies, furniture, computers and other technology, and update such inventory annually. To the extent that APS brings purchases or uses its own equipment at the ACADEMY, APS shall provide an inventory of such equipment to the ACADEMY BOARD.

F. Pupil Performance Standards and Evaluation. APS is responsible for and accountable to the ACADEMY Board for the performance of students who attend the ACADEMY. APS shall implement pupil performance evaluations, which permit evaluation of the educational progress of each ACADEMY student, using measures of student, and school performance required by the Contract and such additional measures as shall be mutually agreed between the ACADEMY Board and APS that are consistent with the Contract. APS shall be responsible for the following:

1. Achieving educational goals and related measures as outlined in the Contract.
2. Achieving at least 90% of the ACADEMY's student recruitment goals, measured by the maximum enrollments established by the Contract.
3. Meeting all Michigan Department of Education requirements and testing.

G. Student Recruitment. APS shall be responsible to ensure that the ACADEMY undertakes the lawful recruitment and enrollment of students subject to the provisions of the Contract. Students shall be selected in accordance with the procedures set forth in the Contract and in compliance with applicable law. APS shall follow all applicable procedures regarding student recruitment, enrollment and lottery management, and shall be responsible for publication of appropriate public notices and scheduling open houses.

H. Student Due Process Hearings. APS shall ensure that students are provided with procedural and substantive due process in conformity with the requirements of state and federal law regarding discipline, special education, confidentiality and access to records, to an extent consistent with the ACADEMY's own obligations. The ACADEMY Board shall retain the right to provide due process as required by law and to determine whether any student will be expelled.

I. Legal Requirements. APS shall be responsible to ensure that the ACADEMY provides Educational Programs that meet federal, state, and local requirements, and the requirements imposed under the Code and Contract.

J. Rules and Procedures. The ACADEMY Board shall adopt rules, regulations and procedures applicable to the ACADEMY and APS is directed to enforce the rules, regulations and procedures adopted by the ACADEMY Board. APS shall assist the ACADEMY Board in its policy making function by recommending the adoption of reasonable rules, regulations and procedures applicable to the ACADEMY. While the ACADEMY Board may adopt rules, regulations, and procedures applicable to the ACADEMY, it shall not adopt any rules, regulations and procedures applicable to the terms and conditions of employees of APS. While ACADEMY may not adopt any rules, regulations, and procedures applicable to the terms and conditions of employees of APS, ACADEMY may adopt rules, regulations and procedures

applicable to the terms and conditions of this Agreement under which APS shall implement through its staff and employees.

K. School Year and School Day. The school year and the school day shall be provided in the Contract and as defined annually by the ACADEMY Board.

L. Authority. APS shall have the authority and power necessary to undertake its responsibilities described in this Agreement, except in cases wherein such power may not be delegated by law nor approved by the ACADEMY Board.

M. Compliance with ACADEMY's Contract and ESP Requirements. APS agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the ACADEMY's obligations under the Contract and the ESP Requirements. The provisions of the Contract and the ESP Requirements shall supersede any competing or conflicting provisions contained in this Agreement. APS will not act in a manner that will cause the ACADEMY to be in material breach of the Contract DPSCD, as determined by DPSCD. Any action or inaction by APS that is not cured within 60 days of notice thereof, which causes a breach of the Contract, causes the Contract to be revoked, terminated or suspended, or which causes the Contract to be put in jeopardy of revocation, termination, or suspension by DPSCD, is a material breach of this Agreement.

N. Additional Programs. The services provided by APS to the ACADEMY under this Agreement consist of the Educational Program as set forth in the Contract. The ACADEMY Board may decide to provide additional programs. Any revenues collected from such programs will go directly to the ACADEMY. The ACADEMY may also purchase additional services from APS at a mutually agreeable and reasonable cost.

O. Annual Budget Preparation. APS will provide the ACADEMY Board with a proposed annual budget that shall conform to the State accounting manual and the Uniform Budgeting and Accounting Act, Act 2 of 1968, as amend, MCL 141.421 et seq. (the "Uniform Budgeting and Accounting Act") and in a form reasonably satisfactory to the ACADEMY Board and to DPSCD. The budget shall contain object level detail and comply with public accounting standards applicable to public schools and public school academies in Michigan. The budget shall include anticipated revenues and projected expenses and costs reasonably associated with operating the ACADEMY and the Educational Program including, but not limited to, the projected cost of all services and educational programs provided to the ACADEMY, rent and lease payments, debt service, maintenance and repairs to ACADEMY facilities, supplies and furnishings necessary to operate the ACADEMY, taxes, insurance premiums, utilities, professional fees, and other costs and expenses connected to the operation of the ACADEMY. The proposed budget shall be submitted to the ACADEMY Board for review not later than 30 days prior to the date when the approved budget is required to be submitted to DPSCD. APS may not make deviations from the approved budget without the prior written approval of the ACADEMY Board.

P. Financial Reporting. On not less than a monthly basis, APS shall provide the ACADEMY Board with monthly financial statements not more than forty-five (45) days in

arrears. Financial statements shall include a balance sheet, cash flow statement and statement of revenue, expenditures and changes in fund balance, detailing the status of the budget to actual revenues and a detailed schedule of expenditures at an object level for review and approval by the ACADEMY Board. A written report shall explain any variances from the approved budget, shall contain recommendations for any necessary changes to the approved budget and shall be prepared at least seven (7) calendar days in advance of the ACADEMY Board meeting to be available for ACADEMY Board packets sent to ACADEMY Board Members in preparation for ACADEMY Board meetings. APS shall provide special reports as necessary and as requested by the ACADEMY Board to keep the ACADEMY Board informed of changing conditions.

Q. Operational Reporting. APS will provide the Board with monthly dashboards reporting on student academic performance and with monthly financial reports. In order to enable the ACADEMY Board to monitor APS's educational performance and the efficiency of its operation of the ACADEMY, upon the request of the ACADEMY Board, APS will provide written reports to the ACADEMY Board on any topic of ACADEMY activity or operations and which are consistent with this Agreement. The list of such reports shall, at a minimum, be the following: actual to budget comparison, Director report, student performance, treasurer's report, compliance report, next month's due and compliance issues, changes in staff, student discipline issues, student count, and all other reports that the ACADEMY Board from time to time request from APS. These special reports will be provided in a timely fashion, but not less than one (1) week after the request for the report is received by APS unless the ACADEMY Board and APS mutually agree upon an extended timetable.

R. Good Conduct. APS, its employees, contractors and subcontractors shall be expected to conform to the highest ethical and legal standards expected of public officials, in their dealings with the ACADEMY and otherwise. Likewise, the ACADEMY Board and its individual members shall be expected to conform to the highest ethical and legal standards, including applicable conflict of interests' laws and ACADEMY policy, expected of public officials in their dealings with APS and its agents and subcontractors.

S. APS shall evaluate and then pursue opportunities to co-brand marketing materials with ACADEMY when it furthers the interest of the ACADEMY upon prior ACADEMY Board approval.

ARTICLE IV

OBLIGATIONS OF THE BOARD

A. Board Policy Authority. The ACADEMY Board is responsible for determining the fiscal and academic policies that will govern the operation of the ACADEMY, including but not limited to, policies relative to the conduct of students while in attendance at the ACADEMY or in route to and from the ACADEMY and regulations governing the procurement of supplies, materials and equipment.

B. Building Facility. The ACADEMY Board is responsible for the acquisition by either purchase or lease of the ACADEMY Facility that complies with all of the requirements of the Contract and applicable law.

C. ACADEMY Employees. The ACADEMY Board may employ such employees, as it deems necessary. The cost to employ ACADEMY employees shall be paid by the ACADEMY Board. This paragraph does not apply to individuals employed by APS or any entity which APS subcontracts with to provide services pursuant to this Agreement. In the event the Board directly employs employees, the Board shall be said employees' sole employer and under the direction and control of the ACADEMY Board.

D. Educational Consultants. The ACADEMY Board may retain an educational consultant or consultants to review the operations of the ACADEMY and the performance of APS under this Agreement. APS shall cooperate with the educational consultant or consultants and will provide those individuals with prompt access to records, facilities, and information as if such requests came from the full ACADEMY Board. APS shall have no authority to select, evaluate, assign, supervise or control any educational consultant employed by the ACADEMY Board. The cost to employ an educational consultant shall be paid by the Board.

E. Legal Counsel. The ACADEMY Board shall select and retain legal counsel to advise it regarding its rights and responsibilities under the Contract, this Agreement and applicable law.

F. Audit. The ACADEMY Board shall select and retain an independent auditor to perform the annual financial audit in accordance with the Contract and applicable state law.

G. Budget. The ACADEMY Board is responsible for adopting a budget in accordance with the provisions of the Uniform Budgeting and Accounting Act, that has adequate resources to fulfill its obligations under the Contract, including but not limited to its oversight of APS, lease payments, the organization of the ACADEMY, negotiation of the Contract and any amendments, payment of employee costs, insurance required under the Contract and this Agreement, the annual financial audit and retention of the ACADEMY Board's legal counsel and consultants. In addition, the ACADEMY Board is responsible for determining the budget reserve amount included as part of the ACADEMY's annual budget, for implementing fiscal policies that will assist the ACADEMY in attaining the stated budget reserve amount and for approving necessary amendments to the budget to reflect necessary deviations from the adopted budget. The budget may be amended from time to time as deemed necessary by the ACADEMY Board.

H. Deposit of ACADEMY Funds. The ACADEMY Board shall determine the depository institution of all funds received by the ACADEMY in compliance with Section 1221 of the Code, MCL 380.1221. All funds received by the ACADEMY shall be placed in the ACADEMY's depository account as required by law. Signatories on the ACADEMY Board accounts shall solely be ACADEMY Board members and/or properly designated ACADEMY Board employees. All interest or investment earnings on ACADEMY accounts shall accrue to the ACADEMY. The ACADEMY Board shall provide ACADEMY funding on a consistent and timely basis to APS to fulfill its obligations under this Agreement.

I. Governmental Immunity. The ACADEMY Board shall determine when to assert, waive or not waive its governmental immunity.

J. Contract with DPSCD. The ACADEMY Board will not act in a manner that will cause the ACADEMY to be in breach of the Contract DPSCD.

ARTICLE V EVALUATIONS OF AMERICAN PROMISE SCHOOLS

A. Evaluation of APS. The ACADEMY Board will evaluate the performance of APS each year to provide APS with an understanding of the ACADEMY Board's view of its performance under this Agreement. A preliminary evaluation will normally occur by the middle of each fiscal year, followed by a year-end evaluation. The ACADEMY Board will determine the format to conduct this evaluation, but will seek reasonable input from APS as to same. Special evaluations may occur at any time. The evaluation of APS will, at a minimum, be written and include of a review of APS's ability to meet and exceed the goals stated in the Contract and progress in meeting pupil performance standards outlined in Article III. Paragraph F of this Agreement, as well as a review of APS's performance of its responsibilities under this Agreement. APS shall be entitled to provide a written response to the evaluation that shall be maintained in the ACADEMY Documents.

ARTICLE VI FINANCIAL ARRANGEMENT

A. School Source of Funding. As a Michigan public school, the major source of funding for the ACADEMY is State School Aid received by the ACADEMY ("State School Aid") pursuant to the State School Aid Act, Act 94 of 1979, as amended ("State School Aid Act"). State School Aid payments are based upon the number of students enrolled in the ACADEMY. The ACADEMY also receives other payments as may be available from state and federal sources for specific programs and services.

B. Other Revenue Sources. In order to supplement and enhance the State School Aid payments and improve the quality of education at the ACADEMY, the ACADEMY Board and APS with prior ACADEMY Board approval, shall endeavor to obtain revenue from other sources. In this regard:

1. The ACADEMY and/or APS shall solicit and the ACADEMY shall receive donations consistent with the mission of the ACADEMY.
2. The ACADEMY and/or APS may apply for grant money, in the name of the ACADEMY. APS shall provide notification to the ACADEMY Board of any grant applications it intends to make and actually make. Such grant application can only be made with approval of the ACADEMY Board. In addition, APS shall provide the ACADEMY Board with a list of funds received, how they were used, and the remaining funds.
3. To the extent permitted under the Code, and with prior ACADEMY Board approval, APS may charge fees to students for extra services such as summer programs, after school programs and athletics and charge non- ACADEMY

students who participate in such programs.

All funds received by APS or the ACADEMY from such other revenue sources shall inure to and be deemed the property of the ACADEMY.

C. Compensation for Services. The ACADEMY shall pay APS an annual fee of 10.5% of the gross State School Aid (including state funds for Special Education students) that the ACADEMY receives. The annual fee of 10.5% of gross State School Aid shall be calculated after the deduction of the 3% authorizer fee DPSCD receives for its oversight responsibilities, as described in the Contract.

D. Reasonable Compensation. The ACADEMY acknowledges and agrees that compensation payable to APS under this Agreement is reasonable compensation for the services to be rendered by APS to the ACADEMY under this Agreement. APS's compensation for services under this Agreement will not be based, in whole or in part, on a share of net operating budget surplus from the operation of the ACADEMY.

E. Payment of Educational Undertakings Costs. In addition to the ACADEMY's obligation to pay APS as set forth in Article VI paragraph C , , all costs approved by the ACADEMY Board and reasonably incurred in providing the Educational Undertakings at the ACADEMY shall be paid by the ACADEMY. Such costs shall include, but shall not be limited to, curriculum materials, professional development, textbooks, library books, costs for computer and other equipment, software, supplies utilized at the ACADEMY for educational purposes, services provided pursuant to subcontract, ACADEMY Facility payments, maintenance, utilities, capital improvements, costs for personnel provided at the ACADEMY either by APS or through an entity with which APS subcontracts for staff, and marketing and development costs. Marketing, development and personnel costs paid by or charged to the ACADEMY shall be limited to those costs specific to the ACADEMY program, and shall not include any costs for the marketing, development, or personnel of APS. The ACADEMY Board shall promptly pay when due all fees and expenses associated with the ACADEMY's operation provided that such fees and expenses are consistent with the approved budget. APS will submit proof of payment of all fees and expenses and properly present documentation to the ACADEMY Board for approval and reimbursement. In paying costs on behalf of the ACADEMY, APS shall not charge any added fees. Any costs reimbursed to APS that are determined by the independent audit not to be reasonably incurred on behalf of the Educational Program of the ACADEMY shall be promptly returned to the ACADEMY by APS. No corporate costs of APS shall be charged to, or reimbursed by, the ACADEMY.

F. Time and Priority of Payment. The compensation due to APS pursuant to paragraph C of this Article VI shall be calculated for each school year at the same time as the State of Michigan calculates the State School Aid, and adjustments to such calculation shall occur at the same time as the State of Michigan makes adjustments to the State School Aid. APS shall receive its compensation pursuant to Paragraph C of this Article VI in eleven (11) installments beginning in October of each academic year and ending in August of such academic year. Such installment amounts shall be due and payable within ten (10) days of receipt by the ACADEMY of each of its State School Aid payments. Payments due and owing to APS

pursuant to Paragraph E of this Article VI shall be made by the ACADEMY to APS on the last day of each month.

G. No Related Parties or Common Control. In interpreting this Agreement and in the provision of the required services, APS shall not have any role or relationship with the ACADEMY that, in effect, substantially limits the ACADEMY's ability to exercise its rights, including cancellation rights, under this Agreement. As required by the ACADEMY's Articles of Incorporation and Bylaws, the ACADEMY Board may not include any directors, officer or employee of a management company that contracts with the ACADEMY. In furtherance of such restriction, it is agreed between the ACADEMY and APS that none of the voting power or governing body of the ACADEMY will be vested in APS or its directors, members, managers, officers, shareholders and employees, and the ACADEMY and APS will not be related parties as defined in Treas. Reg. § 1.150-1(b).

H. Audit Report Information. APS will make all of its financial and other records related to the ACADEMY available to the ACADEMY and the independent auditor selected by the ACADEMY Board.

I. No Other Financial Relationships. Other than the financial arrangements described in this Agreement, APS and the Academy shall have no other financial relationships. No lease, promissory notes or other negotiable instruments, lease-purchase agreements or other financing agreements between the ACADEMY and APS shall be permitted and such arrangements are strictly prohibited.

J. Access to Records. APS shall keep accurate financial, educational and student records pertaining to its operation of the ACADEMY, together with all ACADEMY financial records prepared by or in the possession of APS, and shall retain all of these records in accordance with applicable state and federal requirements. Financial, educational, operational and student records that are now or may in the future come into the possession of APS remain ACADEMY records and are required to be returned by APS to the ACADEMY upon demand, provided that APS may retain copies of records necessary to document the services provided to the ACADEMY and its actions under the Agreement. However, the ACADEMY Board shall not unreasonably restrict APS's or its agents' and subcontractors' access to ACADEMY Documents. APS, its agents and subcontractors, and the ACADEMY shall maintain the proper confidentiality of personnel, student and other records as required by law. All ACADEMY records shall be physically or electronically available, upon request, at the ACADEMY's physical facilities. The financial, educational, and operational pertaining to the ACADEMY are public documents subject to disclosure in accordance with the provisions of applicable law. This Agreement shall not be construed to restrict DPSCD's or the public's access to these records under applicable law or the Contract.

K. Reporting Compliance. APS shall provide to the Board annually all of the same information that a school district is required to disclose under section 18(2) of the State School Aid Act, MCL 388.1618, for the most recent school fiscal year for which that information is available. On behalf of the Board, APS shall make such information available on the ACADEMY's website in a form and manner prescribed by the Michigan Department of

Education and by applicable law. APS shall make available to the ACADEMY Board all information concerning the operation and management of the ACADEMY, including without limitation the information described in the Contract, available to the ACADEMY as deemed necessary by the ACADEMY Board. On behalf of the ACADEMY, APS shall make such information available to the public in the same manner and to the same extent as is required for public schools and school districts under applicable law. ACADEMY and its lawyers shall have sole right to determine if a Freedom of Information Act exception is applicable to any request for its records.

ARTICLE VII PERSONNEL AND TRAINING

A. Chief School Officer. APS shall be solely responsible for selecting a School Leader to perform services at the ACADEMY. However, such selection shall be done with the input from the ACADEMY Board.

B. School Leader. The duties of the School Leader shall be developed by APS, with input from the ACADEMY. The terms of employment of the School Leader shall be determined by APS. The accountability of APS to the ACADEMY is an essential foundation of this Agreement. Since the School Leader is critical to the ACADEMY's success, APS shall have the sole authority below, to assign, discipline, transfer and terminate the School Leader, and to hold the School Leader accountable for the performance of the ACADEMY. The School Leader will have a valid administrator certificate issued by the State Board of Education or be in the process of completing an alternate certification program, as required by the Code.

C. Personnel. APS shall be solely responsible for the selection and hiring of qualified personnel to perform services at the ACADEMY. All teaching staff working at the ACADEMY shall be appropriately certified and highly qualified, as required by applicable law. APS shall have the sole responsibility and authority, subject to paragraph A of this Article VII, to select, hire, evaluate, assign, discipline, transfer, and terminate personnel, or subcontract therefor, consistent with the ACADEMY's approved budget, applicable law, and Article III paragraph C, above. Except as set forth above, the Board shall not take any action or engage in any communications with respect to the selection, hiring, evaluation, assignment, discipline, transfer or termination of personnel employed by, or contracted for APS and working at the ACADEMY. Such personnel shall be staff or employees (as applicable) of APS or an approved subcontractor, which APS shall be responsible for the payment of all compensation due APS employees, including all salaries, wages, benefits, payroll and other taxes to or on account of such employees unless otherwise agreed in writing by APS and the ACADEMY Board. Provided, however, the compensation of all employees working at the ACADEMY shall be included in the budget. APS shall be reimbursed for employment costs attributable to ACADEMY operations in accordance with Article VI.E of this Agreement. APS shall invoice the ACADEMY for reimbursement of all employment costs. APS shall inform the ACADEMY Board of the level of compensation and fringe benefits provided to APS employees assigned to the ACADEMY. No contracts between APS and staff assigned to the ACADEMY shall contain non-compete agreements of any nature whatsoever.

APS shall hold the ACADEMY and ACADEMY Board harmless and indemnify the ACADEMY and ACADEMY BOARD for any claims arising out of the performance of the obligations set forth in the previous paragraph.

APS will have its agents, employees or representatives, or agents, employees or representatives of its subcontractor, who will be regularly and continuously performing services on the ACADEMY's premises, fingerprinted and subjected to criminal history and background checks through the Michigan State Police and Federal Bureau of Investigation, as detailed in MCL 380.1230 et seq ("MCL 380.1230"), within the timelines required by law. APS further agrees to provide the ACADEMY with a copy of all fingerprinting and criminal history background reports promptly upon receipt of same. APS represents and warrants to the ACADEMY that it will at all times during the term of this Agreement comply with the provisions of MCL 380.1230, including, but not limited to, reporting to the ACADEMY within 3 business days of when it, or any of its agents, employees or representatives who will be regularly and continuously employed on the ACADEMY's premises, is/are charged with a crime listed in §1535a(1) or 1539b(1) of the Code, being MCL §380.1535a(1) and 380.1539b(1), a substantially similar law, or other crimes required to be reported under MCL §380.1230, and to immediately report to the ACADEMY if that person is subsequently convicted, pleads guilty or pleads no contest to that crime.

The ACADEMY agrees to reasonably cooperate with APS in the discharge of APS's responsibilities under this section.

D. Training. APS shall be responsible for ensuring that all staff members assigned to work at the ACADEMY including, the Administrators, teachers and paraprofessionals, receive training required by law and which is consistent with the ACADEMY mission. APS shall provide the Board of evidence that such training occurred, the date it occurred, and the topic and area of training.

ARTICLE VIII TERMINATION OF AGREEMENT

A. Termination by the ACADEMY for Cause. This Agreement may be terminated by the ACADEMY for cause prior to the end of the Term in the event that APS should fail to remedy a material breach within a period reasonable under the circumstances, which shall not be longer than sixty (60) days after notice from the ACADEMY. Material breach may include, but is not limited to, a failure to carry out its responsibilities under this Agreement such as a failure to make required reports to the ACADEMY Board, failure to account for its expenditures or to pay operating costs (provided funds are available to do so), or failure to meet or make appropriate progress towards meeting the outcomes stated in Article III(F) of this Agreement and of the Contract (which failure is not attributable to the ACADEMY Board); a violation of the Contract, a violation of the ESP Requirements, or of applicable law and any action or inaction by APS that places the Contract in jeopardy of revocation, termination or suspension. In order to terminate this Agreement for cause, the ACADEMY Board is required to provide APS with written notification of the facts it considers to constitute material breach and a reasonable period of time within which APS has to remedy this breach. After the period to remedy the material breach has expired, the ACADEMY Board may terminate this Agreement by providing APS with written notification of termination.

B. Termination by APS for Cause. This Agreement may be terminated by APS for cause prior to the end of the Term in the event the ACADEMY fails to remedy a material breach within a period reasonable under the circumstances, which shall not be longer than sixty (60) days after notice from APS. Material breach may include, but is not limited to, a failure to carry out its responsibilities under this Agreement such as a failure to make payments to APS as required by this Agreement or a failure to give consideration to the recommendations of APS regarding the operation of the ACADEMY, a violation of the Contract or of applicable law. In order to terminate this Agreement for cause, APS is required to provide the ACADEMY Board with written notification of the facts it considers to constitute material breach and a reasonable period of time within which the ACADEMY has to remedy this breach. After the period to remedy the material breach has expired, APS may terminate this Agreement by providing the ACADEMY Board with written notification of termination.

C. Agreement Coterminous With the Contract. If the Contract issued by DPSCD is revoked, terminated or a new charter contract is not issued to the ACADEMY after expiration of the Contract, this Agreement shall automatically be suspended or terminated, as the case may be, on the same date as the Contract is suspended, revoked, terminated or expires without further action of the parties. The ACADEMY shall pay to APS all amounts due and owing for services provided up to the date of termination and APS shall have no further responsibility or liability to the ACADEMY, except as set forth in Article II.B.

D. Termination by Either Party Without Cause. If APS and the ACADEMY Board are unable to agree on educational programs, curriculum or other educational policies that affect the ACADEMY in a significant way, either party may elect to terminate the Agreement at the end of a school year, provided that the terminating party gives the other party written notification of termination at least thirty (30) calendar days prior to the termination date and

provides the other party with an opportunity within that period to negotiate an agreement on the educational policies at issue.

E. Change in Law. If any federal, state or local law or regulation, or court decision has a material adverse impact on the ability of either party to carry out its obligations under this Agreement, then either party, upon written notice, may request renegotiation of the Agreement; and if the parties are unable or unwilling to renegotiate the terms within 30 days after the notice, the party requiring the renegotiation may terminate this Agreement on 60 days further written notice.

F. Effective Date of Termination. In the event this Agreement is terminated by either party prior to the end of the Term, absent unusual and compelling circumstances, the termination will not become effective until the end of that school year.

G. Rights to Property Upon Termination. Upon termination of this Agreement, all equipment, whether purchased by the ACADEMY or by APS with State School Aid funds or other ACADEMY Funds as such funds are defined in the Contract, shall remain the exclusive property of the ACADEMY. APS shall have the right to reclaim any usable property or equipment (*e.g.*, including, but not limited to, desks, computers, copying machines, fax machines, telephones) that were purchased by APS with APS funds. Fixtures and alterations to the ACADEMY Facility shall not become the property of APS.

H. Transition. In the event of termination of this Agreement for any reason by either party prior to the end of the Term, APS shall have no further responsibility or liability to the ACADEMY, except as set forth in Article II paragraph B.

ARTICLE IX PROPRIETARY INFORMATION

A. Copyrighted and Proprietary Information. All instructional materials, training materials, curriculum, lesson plans, and any other materials shall be considered "work made for hire" as such term defined in Section 101 of the Copyright Act, 17 U. S. Code, Section 101 and the ACADEMY shall own all copyright and other proprietary rights to such instructional materials, training materials, curriculum, lesson plans, and any other materials developed by APS, its employees, agents, or subcontractors, or by any individual working for or supervised by APS working for or at the ACADEMY.

Any educational materials and teaching techniques owned by APS and used by the ACADEMY are subject to disclosure under the Code and the Freedom of Information Act.

APS shall annual create and provide the ACADEMY a list of such copyrighted and proprietary information owned by the ACADEMY.

B. Required Disclosure. The ACADEMY shall be permitted to report any new teaching techniques or methods of significant revisions to known teaching techniques or methods to DPSCD and to the State Board of Education, which teaching techniques or methods may

thereafter be made available to the public, as provided in Section 505(3) of the Code, notwithstanding anything contained in this Article IX to the contrary.

ARTICLE X INDEMNIFICATION

A. Indemnification of APS. To the extent permitted by law, the ACADEMY shall indemnify and hold APS (which term for purposes of this paragraph A, includes APS's officers, directors, and employees) harmless against any and all claims, demands, suits, or other forms of liability that may arise out of, or by reason of, any noncompliance by the ACADEMY with any agreements, covenants, warranties, or undertakings of the ACADEMY contained in or made pursuant to this Agreement; and any misrepresentation or breach of the representations and warranties of the ACADEMY Board contained in or made pursuant to this Agreement. The scope of this indemnification includes actions taken by APS on behalf of the ACADEMY beginning on July 1, 2017. In addition, the ACADEMY shall reimburse APS for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to APS.

B. Limitations of Liabilities. The ACADEMY may assert all immunities and statutory limitations of liability in connection with any claims arising under this Agreement.

C. Indemnification of the ACADEMY. APS shall indemnify and hold the ACADEMY (which term for purposes of this Paragraph C, includes the ACADEMY's officers, directors, agents and employees) harmless against any and all claims, demands, suits, or other forms of liability that may arise out of, or by reason of, any noncompliance by APS with any agreements, covenants, warranties, or undertakings of APS contained in or made pursuant to this Agreement, including any and all employment related claims, demands or suits by APS employees, former employees or applicants; and any misrepresentation or breach of the representations and warranties of APS contained in or made pursuant to this Agreement. In addition, APS shall reimburse the ACADEMY for any and all legal expenses and costs associated with the defense of any such claim, demand, or suit. The indemnification requirements of this paragraph may be met by the purchase of insurance in a form and amounts acceptable to the ACADEMY.

D. Indemnification for Negligence. To the extent permitted by law, the ACADEMY shall indemnify and hold harmless APS, its board of directors, partners, officers, employees, agents and representatives, from any and all claims and liabilities, which APS may incur and which arise out of the negligence of the ACADEMY's directors, officers, employees, agents or representatives. APS shall indemnify and hold harmless the ACADEMY, and the ACADEMY's Board of Directors, officers, employees, agents or representatives, from any and all claims and liabilities, which the ACADEMY may incur and which arise out of the negligence of APS's directors, officers, employees, agents or representatives.

E. Indemnification of DPSCD. The parties acknowledge and agree that DPSCD, its board of education, and its members, officers, employees, agents or representatives (collectively "DPSCD") are deemed to be third party beneficiaries for purposes of this

Agreement. As third party beneficiaries, APS hereby promises to indemnify, defend and hold harmless DPSCD from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, demands, forfeitures, or any other liabilities or losses of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees) of settlement and prosecution imposed upon or incurred by DPSCD, and not caused by the sole negligence of DPSCD, which arise out of or are in any manner connected with DPSCD's approval of the ACADEMY's application, DPSCD's consideration of or issuance of a charter contract, APS's preparation for or operation of the ACADEMY, or which are incurred as a result of the reliance by DPSCD upon information supplied by APS, or which arise out of APS's failure to comply with the Contract or applicable law. The parties expressly acknowledge and agree that the DPSCD may commence legal action against APS to enforce its rights as set forth in this section of the Agreement.

ARTICLE XI INSURANCE

A. Insurance of the ACADEMY. The ACADEMY shall secure and maintain such policies of insurance as required by the Contract. This coverage shall include the building and related capital facilities if they are the property of the ACADEMY. The ACADEMY shall maintain such insurance in an amount and on such terms required by the provisions of the Contract, including the indemnification of APS required by this Agreement. The ACADEMY shall, upon request, present evidence to APS that it maintains the requisite insurance in compliance with the provisions of this paragraph. APS shall assist the ACADEMY in securing and maintaining the requisite policies of insurance as required by the Contract. APS shall comply with any information or reporting requirements applicable to the ACADEMY under the ACADEMY's policy with its insurer(s), to the extent practicable.

B. Insurance of APS. (needs to be written to comply with DPSCD insurance requirements) APS shall maintain such insurance in an amount and on such terms as are reasonably acceptable to the ACADEMY Board and as may be required by the provisions of the Contract and the Michigan Universities Self Insurance Corporation ("M.U.S.I.C."), including the indemnification of the ACADEMY required by this Agreement. In the event DPSCD or M.U.S.I.C. requests any change in coverage by American Promise Schools, American Promise Schools agrees to comply with any change in the type or amount of coverage, as requested, within thirty (30) days after notice of the insurance coverage change. American Promise Schools shall, upon request, present evidence to the ACADEMY and DPSCD that it maintains the requisite insurance in compliance with the provisions of this paragraph. The ACADEMY shall comply with any information or reporting requirements applicable to American Promise Schools under APS's policy with its insurer(s), to the extent practicable.

C. Workers' Compensation Insurance. Each party shall maintain worker's compensation insurance when and as required by law, covering their respective employees.

**ARTICLE XII
MISCELLANEOUS**

A. Force Majeure. Neither party shall be liable if the performance of any part or all of this Agreement is prevented, delayed, hindered or otherwise made impracticable or impossible by reason of any strike, flood, riot, fire, explosion, war, act of God, sabotage, accident, or any other casualty, or cause beyond either party's control, and which cannot be overcome by reasonable diligence and without unusual expense.

B. Notices. All notices, demands, requests and consents under this Agreement shall be in writing, shall be delivered to each party, and shall be effective when received by the parties or mailed to the parties at their respective addresses set forth below, or at such other address as may be furnished by a party to the other party:

If to American Promise Schools:

American Promise Schools
4366 Military
Detroit, MI 48210

With a copy to APS's attorney:

Aimee Vergon Gibbs, Esq.
Dickinson Wright PLLC
350 S. Main St., Suite 300
Ann Arbor, MI 48104-2131

If to ACADEMY:

ACADEMY Board of Directors
Attention: Board President
4201 West Outer Drive
Detroit, Michigan 48235

Board counsel:

Gregory M. Meihn, Esq.
Foley & Mansfield, PLLP
130 E. 9 Mile Rd.
Ferndale, MI 48220-3728

D. Severability. The invalidity of any of the covenants, phrases or clauses in this Agreement shall not affect the remaining portions of this Agreement, and this Agreement shall be construed as if such invalid covenant, phrase or clause had not been contained in this Agreement.

E. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.

F. Entire Agreement. This Agreement is the entire agreement between the parties

relating to the services provided, and the compensation for such services, by the parties. Any modification to this Agreement must be made in writing, approved by the ACADEMY Board and APS, and signed by a duly authorized officer. DPSCD

G. Amendments and Modifications. The ACADEMY Board must submit any and all amendments or modifications of this Agreement to DPSCD not less than 45 days prior to the ACADEMY Board's approval of such amendments or modifications. No amendment or modification of this Agreement shall be effective unless and until DPSCD has notified the Academy in writing that it does not disapprove of the modification.

H. Non-Waiver. No failure of a party in exercising any right, power or privilege under this Agreement shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the parties under this Agreement are cumulative and not exclusive of any rights or remedies which any of them may otherwise have.

I. Assignment. APS may not assign this Agreement without the prior written approval of the ACADEMY Board and prior notification to DPSCD. Any assignment must be completed in a manner consistent with DPSCD's Educational Service Provider Policies.

J. Governing Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of Michigan.

K. Delegation of Authority. Nothing in this Agreement shall be construed as delegating to APS any of the powers or authority of the ACADEMY Board that are not subject to delegation by the ACADEMY Board under Michigan law or the Contract.

L. Compliance with Law. The parties agree to comply with all applicable laws and regulations.

M. Warranties and Representations. Both the ACADEMY and APS represent that each has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement, that its actions have been duly and validly authorized, and that it will adopt any and all resolutions or expenditure approvals required for execution of this Agreement.

N. Dispute Resolution Procedure. Any and all disputes between the parties concerning any alleged breach of this Agreement or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement that are unable to be resolved through discussion and negotiation shall be resolved by arbitration, and such an arbitration procedure shall be the sole and exclusive remedy for such matters. The arbitrator shall be selected from a panel provided by and in accordance with the rules of the American Arbitration Association. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, with such variations as the parties and the arbitrator unanimously accept. Any arbitration hearing shall be conducted in Michigan as mutually agreed by the parties. The award shall be in writing, shall be signed by a

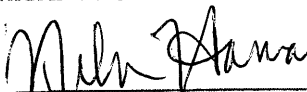
majority of the arbitrator(s), and shall include a statement setting forth the reasons for the disposition of any claim. DPSCD shall be notified of the final decision and, upon DPSCD's request, the cause opinion (written explanation) shall be made available. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction. The cost of arbitration, not including attorney fees, shall be split by the parties.

O. This Agreement shall not be effective unless or until unless and until DPSCD has notified the Academy in writing that it does not disapprove of this Agreement.

The parties have executed this Agreement as of the day and year first above written.

AMERICAN PROMISE SCHOOLS

By:


Melissa Hamann, CEO

MACDOWELL PREPARATORY ACADEMY

By:


Secretary, Board of Directors
President

EXHIBIT A
SCOPE OF AMERICAN PROMISE SCHOOLS SERVICES

Such functions include, but are not limited to:

1. Implementation and administration of the Educational Programs;
2. Curriculum improvement services;
3. Student environment management services;
4. Community outreach and marketing services;
5. Implementation of an ongoing public relations strategy, developed by American Promise Schools upon approval by the ACADEMY Board, for the development of beneficial and harmonious relationships with other organizations and the community;
6. Budget preparation and financial management services, such as accounting and bookkeeping services, financial and operational reports all in a form and manner required by the Contract and applicable law;
7. Accounts payable management;
8. Administration (by way of liaising with the carrier's designated representative or counsel appointed by the carrier) of any insurance claims involving personal injury or property loss;
9. Providing for the security of the facility and confidential information files maintained by and in the possession of American Promise Schools;
10. Acquisition of instructional and non-instructional material, equipment and supplies (within the budget set by the Board) and the establishment of an inventory system of all equipment;
11. Oversight of food service contracts, and completing all Federal and State reporting and compliance requirements related to the food service program;
12. Transportation management, when and if applicable;
13. Facilities maintenance assigned to the Tenant under the Lease;
14. Overseeing the preparation of required DPSCD, local, state and federal reports with prior review and approval when required by the Contract or DPSCD policies by the ACADEMY Board;
15. Computer services, including installation and maintenance;

16. Information and technology system development and implementation of the ACADEMY'S technology plan as adopted by the Board with input from American Promise Schools;
17. Overseeing and implementing of facility operations assigned to the Tenant under the Lease;
18. Preparation of grant applications and reports for grants received as well as special programs;
19. Using best efforts to secure funding sources for special programs as requested by the ACADEMY Board;
20. Administration of extra-curricular and co-curricular activities and programs approved by the ACADEMY Board;
22. Assist the ACADEMY Board in the preparation of strategic plans for the continuing educational and financial benefit of the ACADEMY;
23. Preparation, enforcement and administration of the ACADEMY parent/student handbook and student codes of conduct approved by the ACADEMY Board;
24. At the direction of the ACADEMY Board, overseeing the preparation of Board meeting materials, agendas, and notices as required by law;
25. Human resource management, benefits administration and payroll processing;
26. Provided the ACADEMY Board has taken appropriate action, reporting compliance, which includes ensuring all reports, documents, etc., are filed on time with the appropriate entities;
27. Provided the ACADEMY Board has taken appropriate action, reporting compliance, which includes ensuring all reports, documents, etc., are filed on-time with the appropriate entities;
28. Provision and oversight of Special Education services as required by law;
29. Management of cash flow reserves in accordance with the ACADEMY's budget, revenues and expenditures, and assisting with short term borrowing;
30. Recommending and acquiring textbooks; and
31. Any other function necessary or expedient for the administration of the ACADEMY within the policies and actions of the ACADEMY Board.

EXHIBIT B
CHARTER AGREEMENT

PUBLIC SCHOOL ACADEMY CONTRACT AND RELATED DOCUMENTS

BETWEEN

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

(The Authorizing Body)

AND

MACDOWELL PREPARATORY ACADEMY

(A Public School Academy)

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**DETROIT PUBLIC SCHOOLS
PUBLIC SCHOOL ACADEMY CONTRACT**

This Public School Academy Contract made and entered as of July 1, 2017 by and between the Detroit Public Schools Community District ("DPSCD"), a Michigan public school district and statutory body, and MacDowell Preparatory Academy (the "PSA"), a Michigan non-profit corporation.

WHEREAS, DPSCD and the PSA are authorized to enter into this Contract for the purposes stated herein pursuant to Part 6A of Act No. 451, Public Acts of Michigan, 1976, as amended (the "Code"); and

WHEREAS, the PSA has been operating as a public school academy since August 1, 2012 pursuant to a charter contract with the predecessor of DPSCD that expires, June 30, 2017; and

WHEREAS the Board of Education has, by a resolution adopted at its meeting on February 14, 2017, authorized the issuance of a new Contract to the PSA and authorized the execution and delivery of this Contract by the undersigned officers of DPSCD and the performance of the terms hereof by such officers and by all other applicable officers, employees, agents and representatives of DPSCD; and

WHEREAS, the Board of Directors of the PSA has, by resolution adopted as of May 22, 2107, approved the form of this Contract and authorized the execution and delivery of this Contract by the undersigned officers of the PSA and the performance of the terms hereof by such officers and by all other applicable Directors, officers, employees, and agents of the PSA.

NOW, THEREFORE, DPSCD and the PSA agree as follows:

**ARTICLE I
DEFINITIONS**

1.01 *Certain Definitions.* In addition to the terms defined throughout this Contract, the following terms shall have the meanings provided below.

- (a) "Academy", "the Academy" or the "PSA" means the Michigan non-profit corporation that is established as a Public School Academy pursuant to this Contract.
- (b) "Academy Funds" means money, including, but not limited to, State School Aid, grants or donations, paid, due or belonging to the Academy.
- (c) "Authorizing Body" means DPSCD, or such successor as permitted under Michigan law.
- (d) "Board of Education" means the elected governing body of DPSCD.

- (e) "Catchment Area" means the area for the Academy facility as agreed to by the PSA and by DPSCD.
- (f) "Chief Financial Officer" means the Chief Financial Officer of DPSCD or the person holding the highest office of DPSCD with responsibility over financial affairs.
- (g) "Code" means the Michigan Revised School Code, as amended (including Public Act 451 of 1976, as amended, which is codified at Sections 380.1et seq. of the Michigan Compiled Laws.
- (h) "Contract" means this contractual agreement for the maintenance and operation of a Michigan public school academy and all documents incorporated herein by reference.
- (i) "Detroit Public Schools" or "DPSCD" means the Detroit Public Schools Community District, a Michigan school district established pursuant to the Code.
- (j) "Director of the DPSCD Office of Charter Schools" means the Director of the DPSCD Office of Charter Schools or the person holding office at DPSCD with responsibility over such matters
- (k) "Director(s)" means a person or persons who is or are a members of the board of directors.
- (l) "DPSCD Designee" means the DPSCD Office of Charter Schools.
- (m) "ESEA" means the Education and Secondary Education Act Reauthorization of 2001 (Pub. L. No. 107-110, 115 Stat. 1425 (Jan. 8, 2002)), which is also known as the No Child Left Behind Act of 2001.
- (n) "ESP" means the Educational Service Provider engaged by the Academy in accordance with the terms of Article IX of this Contract.
- (o) "ESP Requirements" means the Public School Academy Educational Service Providers Requirements prepared by DPSCD Office of Charter Schools.
- (p) "ESSA" means the Every Student Succeeds Act of 2015 (Pub. L. No. 114-95 (December 10, 2015).
- (q) "PSA Board" means the board of directors of the PSA.
- (r) "Relative" means mother, mother-in-law, father, father-in-law, son, son-in-law, daughter, daughter-in-law, sister, sister-in-law, brother, brother-in-law, spouse, domestic or same-sex partner.
- (s) "Resolution" means the resolution of the Board of Education dated February 14, 2017 the date it was approved by the Board of Education which, for the purposes

of this Contract, shall constitute an authorizing body resolution described in Part 6A of the Code.”

- (t) “State School Aid Act” means the State School Aid Act of 1979, Public Act 94 of 1979, as amended, which is codified at Sections 388.1601 to 388. 1896 of the Michigan Compiled Laws.
 - (u) “State School Aid” means funds received pursuant to the State School Aid Act.
 - (v) “Transparency Reporting” means all documents required to be obtained by the Board and provided to DPSCD pursuant to MCL 380.503 (6)(m).
- 1.02 *Statutory Definitions.* Statutory terms, used in this Contract, and defined in the Code, including Section 6A, shall have the same meaning in this Contract.
- 1.03 *Number and Gender.* The use of any gender in this Contract shall be deemed to be or include the other genders, including neuter, and the use of the singular shall be deemed to include the plural (and vice versa), wherever applicable.
- 1.04 All Exhibits to this Contract are incorporated into, and made part of, this Contract.
- 1.05 The Attachments to this Contract, including the Management Agreement, the Lease and staff contracts are not incorporated by reference and not made a part of this Contract. Attachments to this Contract are added as a matter of record keeping and to confirm their non-disapproval by DPSCD. The addition of the Attachments is not intended to make DPSCD a party to any of the contracts in the Attachments.
- 1.06 *Conflicting Contract Provisions.* In the event that there is a conflict between language contained in the provisions of this Contract, this Contract shall be interpreted as follows:
(i) the Resolution shall control over any other conflicting language in the Contract; and
(ii) this Contract shall control over any other conflicting language in the Attachments.

ARTICLE II LEGAL STATUS OF THE PUBLIC SCHOOL ACADEMY

- 2.01 *Governing Law.* The PSA is a Michigan public school academy, established pursuant to Sections 501 through 507 of the Code (MCL 380.501-.507) and shall be subject to the laws and regulations of the United States and the State of Michigan and the policies of DPSCD applicable to public school academies as they may be established from time to time, except to the extent exempted by law.
- 2.02 *Limitation on Actions to Performance of Governmental Functions.* The PSA shall act exclusively as a public school academy and shall not undertake any action inconsistent with its status as a public school academy under the Code, including, but not limited to, its authorization to receive State School Aid.

- 2.03 *Independent Status of the PSA.* The PSA is not a division or part of DPSCD, and nothing in this Contract shall be construed to create a partnership or joint venture between the parties or to waive any aspect of DPSCD's autonomy or powers.
- 2.04 *Relationship between the PSA and DPSCD.* The relationship between the PSA and DPSCD is based solely on the applicable Code provisions and the terms of this Contract.

ARTICLE III ORGANIZATIONAL STRUCTURE AND GOVERNANCE PLAN

- 3.01 *Non-Profit Status.* The PSA shall be organized and operated as a non-profit corporation organized under the Michigan Nonprofit Corporation Act, Act 162 of 1982 as amended, MCL 450.201, et seq. (the "Nonprofit Corporations Act").
- 3.02 *Method of Selection, Length of Term, and Number of Directors of the PSA Board.*
- (a) Method of Selection. The current Directors of the PSA Board are the individuals named on **Exhibit A**. In the event of a vacancy on the PSA Board, whether by resignation, removal or conclusion of a term, the PSA Board, within the earlier of thirty (30) days of such vacancy or two (2) business days after the next regularly scheduled PSA board meeting, shall present the names and credentials of at least two qualified persons for each vacancy to DPSCD, along with such additional forms, information and certificates required by DPSCD. DPSCD will consider any such candidates presented, along with others that DPSCD may recruit, but is not required to select any candidates presented by the PSA Board. Within thirty (30) days after the effective date of the vacancy (whether or not the PSA Board has presented any candidates, with the requisite documentation), DPSCD shall select someone to fill the vacancy. If DPSCD does not make a timely selection, the PSA Board may select one of the two persons presented to fill the vacancy subject to DPSCD further approval. A person selected to fill a vacancy created other than by expiration of a term shall be appointed for the unexpired term of the vacating member. In all cases, the PSA Board is required to satisfy any and all criminal background check requirements of DPSCD and/or the Code and to pay the costs related thereto.
 - (b) Length of Term. The term of each Director of the PSA Board shall be three (3) years. Directors continuing on the Board at time of the execution of this Contract will serve out their remaining terms, subject to their earlier removal, resignation, retirement or death.
 - (c) Removal. DPSCD may terminate the service of any Director at any time at its sole discretion. The PSA Board may remove a director upon a 2/3 vote of its members.
 - (d) Number of Directors. The number of Directors of the PSA Board shall (i) not be fewer than five (5) nor more than nine (9) as determined from time to time by the PSA Board with the consent of DPSCD and (ii) be an uneven number. All

Directors of the Academy Board shall be citizens of the United States and residents of Michigan.

- (e) Qualifications. To the extent possible, the Directors of the PSA Board shall include at least one representative of the parents of children attending the Academy. Directors of the PSA Board shall not include: (i) employees of the Academy or their Relatives; (ii) owners, directors, officers and employees of an ESP that contracts with the Academy or their Relatives; (iii) owners, directors, officers and employees of a company, or a person, who leases property to the Academy or their Relatives, unless the DPSCD Designee consents to such directorship and the lease was approved by a majority of the other Directors; or (iv) executive employees or board members of DPSCD or their Relatives.
 - (f) Oath. All Directors of the PSA Board shall take and sign the constitutional oath of office, and shall cause a copy of such oath of office to be filed with the DPSCD Office of Charter Schools. No appointment shall be effective prior to the taking and signing of the oath of office.
- 3.03 *Articles of Incorporation*. Unless amended pursuant to this Contract, the articles of incorporation of the PSA as set forth in **Exhibit B** shall be the governing Articles of Incorporation of the PSA.
- 3.04 *Governance Structure*. The PSA shall be organized and administered under the direction of the PSA Board and pursuant to the governance structure of the PSA, as set forth in the bylaws, attached hereto as **Exhibit C**, incorporated herein by reference.
- 3.05 *DPSCD Approval for Assignments and Transfers*. The PSA may not transfer or assign its rights and responsibilities under this Contract, including by contract, the operation of the PSA, without the prior written approval of DPSCD and a written amendment of this Contract. The terms and provisions of this Contract are binding on and shall inure to the benefit of the parties and their respective successors and permitted assigns.
- 3.06 *Conflicts of Interest*. All employees and officers of the PSA shall comply with the provisions of the Contracts of Public Servants with Public Entities Act, Act 317 of 1968, as amended, MCL 15.321, *et. seq.* regarding conflicts of interest (the "Contracts of Public Servants with Public Entities Act") and the Incompatibility of Public Offices Act, Act 566 of 1978, as amended MCL 15.181, *et seq.* regarding incompatible public offices (the "Incompatibility of Public Offices Act"). In addition, the PSA Board, by approval of this Contract, does hereby adopt the conflict of interest policy on **Exhibit D** attached hereto, which shall apply in all respects to any contract, purchase or obligation of the PSA board. Every ESP engaged by the PSA Board shall adopt the conflict of interest policy with respect to its services and actions on behalf of the PSA.

ARTICLE IV
OPERATION OF THE PUBLIC SCHOOL ACADEMY

- 4.01 *Nonsectarian and Non-Religious Operation.* To the extent disqualified under the State or Federal constitutions, the PSA shall not have any organizations or contractual affiliation with a church or other religious organization. Nothing in this section shall be deemed to diminish or enlarge the civil and political rights, privileges, and capacities of any person on account of his/her religious belief.
- 4.02 *Accounting Standards.* The PSA shall at all times comply with generally accepted public sector accounting principles applicable to Michigan public school academies as well as the requirements under Article XI of this Contract.
- 4.03 *Acquisition and Ownership of Property and Borrowing Limitations.* The PSA may, pursuant to Section 503(9) of the Code, acquire by purchase, gift devise, lease, sublease, or any other means as provided by law, hold and own in its own name, buildings and other property for school purposes, and interests therein, and other real and personal property necessary or convenient to fulfill its educational purposes and may issue bonds pursuant to Section 504(a)(g) of the Code. The PSA may not levy taxes. Notwithstanding the foregoing, the PSA, only after obtaining the prior written consent of DPSCD, which consent may be withheld for any reason, may incur debt only as follows:
- (a) Short-term: As provided in Section 504a of the Code, the PSA may incur temporary debt in accordance with Section 1225 of the Code.
 - (b) Long-term: The PSA may enter into installment purchase contracts and related security agreements for any lawful purpose described in the Code and, after the second anniversary of this Contract, may issue bonds pursuant to Section 504(a)(g) of the Code.
 - (c) No contract, mortgage, loan or other instrument of indebtedness entered into by the Academy and a third party shall in any way constitute an obligation, either general, special, or moral, of the State of Michigan or DPSCD. Neither the full faith and credit nor the taxing power of the State of Michigan or any agency of the State, nor the full faith and credit of the DPSCD, shall ever be pledged for the payment of any Academy contract, mortgage, loan or other instrument of indebtedness.
 - (d) The Academy has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan or DPSCD, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties that the State of Michigan or DPSCD in any way guarantee, are financially obligated, or are in any way responsible for any agreement, promissory note, contract, mortgage, loan or other instrument of indebtedness entered into by the Academy.

- (e) In no event shall the Academy enter into any financing prior to submitting the documentation related to that financing to DPSCD for review at least fifteen (15) days prior to the anticipated closing date of the financing.
- 4.04 *Contributions and Fundraising.* The PSA may solicit and receive contributions as permitted by law. No solicitation shall indicate that a contribution to the PSA is for the benefit of the Detroit Public Schools Community District.
- 4.05 *Matriculation Agreements.* The Academy may enter into one or more Matriculation Agreements, provided it receives the prior written approval of DPSCD for such agreement(s). Such agreement in which the Academy shall be the receiving/enrolling school shall be delivered to the DPSCD Office of Charter Schools and kept on file there. Until the matriculation agreement is incorporated into this Contract, the Academy is prohibited from granting an enrollment priority to any student pursuant to a matriculation agreement.
- 4.06 *Role of Parents and Guardians.* The PSA shall encourage the active participation of parents and guardians in the education of its student body. Parents and guardians may volunteer or be selected to serve on committees established by the PSA.
- 4.07 *DPSCD Approval of Condemnation.* In the event that the Academy desires to acquire property pursuant to the Uniform Condemnation Procedures Act, Act 87 of 1980, as amended, MCL 213.51 to 213.77, or other applicable statutes, it shall obtain express written permission for such acquisition from DPSCD. The Academy shall submit a written request to DPSCD describing the proposed acquisition and the purpose for which the Academy desires to acquire the property. Provided the Academy Board submits the written request DPSCD shall determine appropriate action and whether to give express written permission for the acquisition.
- 4.08 *Special Education Services.* The Academy shall ascertain the number and percentage of students with disabilities enrolled in the Academy shall provide new or continuity of services to such students in accordance with applicable law.
- 4.09 *English Language Learners.* The Academy shall ascertain the number and percentage of English language learners enrolled in the Academy and shall provide new or continuity of appropriate services to such students in accordance with applicable law.
- 4.10 *Open Meetings.* The Academy shall conduct all of its regular board meetings in accordance with the Michigan Open Meetings Act, Act 267 of 1976, amended, MCL 15.261 to 15.275, (the "Open Meetings Act") and shall conduct all regular meetings pertaining to the Academy at the Academy Facility. All special PSA Board meetings shall be held in the City of Detroit.
- 4.11 *Transportation.* The Academy shall transport pupils enrolled in grades K-8 who reside within the Academy's Catchment Area and live more than .75 miles from the Academy Facility.

- 4.12 *Prohibition of Identified Family Relationships.* No person shall be a member of the Academy Board if he or she is: (i) an employee of the Academy or a Relative of an employee of the Academy; (ii) an owner, director, officer or employee of a management company that contracts with the Academy or a Relative of same; (iii) a Relative of a member of the Academy Board; (iv) an owner, director, officer or employee of a company, or a person, who leases property to the Academy or a Relative of same, unless the DPSCD Designee consents to such membership and the lease is approved by a majority of the other board members; or (v) an executive employee or board member of DPSCD or a Relative of same. Additionally, no Relative may occupy a direct supervisory position over another Relative. All Relatives providing services to the Academy Board shall be identified in writing by their respective organizations, by position and company, to the Academy Board and DPSCD and each organization providing services to the Academy shall certify its compliance with this Section. Likewise prohibitions against holding incompatible public office and against specified conflicts of interest set forth in the Contracts of Public Servants with Public Entities Act and Incompatibility of Public Offices Act, respectively, shall be scrupulously observed.
- 4.13 *Prohibition of Employment in More than One Full-time Position.* No individual shall be employed by or at the Academy in more than 1 full-time position in which he or she is compensated at a full time rate for each of those positions.

ARTICLE V CURRICULUM, INSTRUCTIONAL METHODS, AND PUPIL ASSESSMENT

- 5.01 *Curriculum.* The PSA's curriculum is attached hereto as **Exhibit E**.
- 5.02 *Benchmarks, Academic Assessments, and Indicators of Performance.* As required by Section 503(6) (a) of the Code, to the extent applicable, the PSA's students must be assessed using at least the Michigan Student Test of Educational Progress (M-STEP), Michigan Merit Exam (MME) and NWEA Measures of Academic Progress (MAP), or an assessment instrument developed under Section 1279g of the Code, the State School Aid Act or other similar law. Methods of pupil assessment are set forth in **Exhibit F**.
- 5.03 *Determining Educational Success of the PSA.* The PSA's educational success will be determined by evidence of the PSA's progress toward preparing students for college and careers, as measured by the educational goals set forth below and in **Exhibit G** of this Contract and such other goals as determined by the PSA and agreed to and approved by DPSCD in writing. The PSA will provide DPSCD with its annual educational goals and milestones by the date established by DPSCD for DPSCD's review and approval.

At a minimum, those goals shall be:

- (a) Students in grades 2-5 who have been enrolled for three or more years will, on average, achieve scaled scores on the NWEA Measures of Academic Progress

assessment that are equal to or greater than the grade-level achievement targets for reading and math identified in Exhibit G.

- (b) Students shall outperform DPSCD general admission pupils by 10% in proficiency on state math exams in each subgroup (for example, if the DPSCD general admission pupils score 60% proficient, the academy scores must reflect 66% proficiency);
- (c) Students shall outperform DPSCD general admission pupils by 10% in proficiency on state reading exams in each subgroup;
- (d) Students shall outperform DPSCD general admission pupils by 10% in proficiency on state science exams in each subgroup.
- (e) Demonstrated improved pupil academic achievement for all groups of pupils.

DPSCD reserves the right to change these minimum goals to comply with new state and federal state requirements or educational industry or pedagogical standards with prior written notice to the Academy. The Educational Program is attached as **Exhibit H**.

5.04 *Reports to DPSCD.* The PSA shall provide the DPSCD Designee with copies of reports and assessments, at least semi-annually, regarding the educational outcomes achieved by pupils of the PSA showing, at a minimum, the attendance rates for the quarter and the results of any standardized test scores by grade occurring within the quarter, as well as any reports prepared by or for the PSA that evaluate or summarize the performance of the PSA's pupils or staff and such other information and reports requested by, and in a form and with such frequency acceptable to the Director of DPSCD Office of Charter Schools, including, but not limited to those documents listed in any Master Calendar of Reporting Requirements distributed by the DPSCD Office of Charter Schools.

ARTICLE VI GRADE LEVELS AND PUPIL ENROLLMENT

6.01 *Enrollment Capacity.* The PSA serves students in grades Kindergarten through 8th grade.

6.02 *Enrollment of students will take place as follows:*

- (a) The PSA covenants and agrees to support DPSCD's intent to have all students in the Catchment Area attend the Academy if such is their desire, until that grade has reached its enrollment capacity. The Academy will be audited by the Authorizer to ensure its fidelity to this intent; enrollment shall be as outlined in Section 6.02(c).
- (b) The PSA shall comply with Section 380.503(6)o of the Code and Section 388.1769 of the State Aid Act in advertising its presence and the fact that it is enrolling students and shall further advertise in the Catchment Area in a manner and form conspicuous to families and students that it is soliciting applications for

enrollment from these families; the PSA shall submit evidence of its faithful adherence to this section to the DPSCD Designee.

- (c) The process for enrollment is as follows:
- (i) *Applications for Enrollment.* The PSA may consider applications for enrollment of any child between the ages of 5 and the maximum age allowed by law or the maximum grade permitted to the Academy, whichever is less, who resides within the geographic boundaries set by statute for a public school academy authorized by a school district.
 - (ii) *Admission of Students.* The PSA shall enroll any student who meets the age and residency requirements and who submits a timely application for enrollment. The PSA may not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, race, ethnicity, national origin, disability, gender, religion, or any other basis that would be illegal if used by a school district.
 - (iii) *Enrollment When Applicants Exceed Capacity.* If the number of applicants for admission exceeds the capacity stated in this Contract for any grade, pupils shall be selected for attendance based on a random selection process, as required by Section 504(3) of the Code, except as provided below. The PSA must annually submit to the DPSCD Designee a copy of the procedures to be used to select students when applicants for enrollment exceed capacity.

The PSA must allow any pupil who was enrolled in the PSA in the immediately preceding school year to enroll in the PSA in the appropriate grade unless the appropriate grade is not offered at the PSA.

The PSA may give enrollment priority to the sibling(s) of a pupil enrolled at the PSA.

- (d) The PSA shall provide documentation to DPSCD annually sufficient to establish that the Academy has made a reasonable effort to advertise its enrollment efforts to all pupils and that the Academy's open enrollment period was for a duration of at least two weeks and permitted the enrollment of pupils by parents/guardians at times that include evenings and weekends.

6.03 *Tuition Prohibited.* The PSA shall not charge tuition. The PSA may impose fees and require payment of expenses for its activities where such fees and payments are not prohibited by law.

6.04 *Student Enrollment Count.* The PSA will maintain student enrollment count records in a manner that will enable it to provide an electronic file with student enrollment data.

- 6.05 *Student Identification.* The PSA will assign and use student identification numbers in administering state assessments and in meeting other state data reporting requirements. The PSA will follow procedures established by the State Board of Education and the Michigan Department of Education for issuance and record keeping of student identification numbers.

ARTICLE VII SCHOOL CALENDAR

- 7.01 *Continuation of Operations.* The PSA shall continue operations promptly upon the approval of this Contract by MDE and shall perform school operations in accordance with the School Calendar and School Day Schedule, attached as **Exhibit I** hereto. For each subsequent year of this Contract, the PSA shall adopt a school calendar no later than April 1st of the prior school year, and shall submit that calendar to the DPSCD Designee no later than May 1st of that year.
- 7.02 *Fiscal Year.* The PSA fiscal year shall be July 1 – June 30 for each school year under this Contract.
- 7.03 *Length of School Day.* The length of the PSA school day for the first year of this Contract shall be 7 a.m. to 7 p.m. For each subsequent year of this Contract, the PSA shall adopt a school day no later than April 1st of the prior school year.
- 7.04 *Common Calendar.* The PSA shall adhere to the Common Calendar established by Wayne RESA unless a waiver is obtained. If a waiver is obtained, the PSA shall cause such documentation to be filed with the DPSCD Office of Charter Schools within 10 days.

ARTICLE VIII PUBLIC SCHOOL ACADEMY STAFF

- 8.01 *Authorization of Employment.* The PSA may employ or contract with personnel and companies for the operation of the PSA, to prescribe their duties, and to fix their compensation, as permitted by applicable law.
- 8.02 *Status as Employees.* All persons employed to work for the PSA, not including persons employed by an ESP pursuant to Article IX below, or other authorized subcontractor are deemed to be PSA employees. **Attachment 2** includes all PSA staff job descriptions. The PSA Board shall provide the DPSCD Designee with all contracts with PSA staff and any amended or additional contracts for employment at the PSA not more than ten (10) business days after such contract is executed. These contracts shall be kept on file with DPSCD Office of Charter Schools.
- 8.03 *Board Liaison.* If the Academy employs a Board liaison or contract administrator, it shall specify the role of such individual or entity in **Attachment 2**.

- 8.04 *Employment Qualifications.* Except as provided in Section 505 of the Code, the PSA shall employ, or contract with an ESP only as provided under Article IX which employs, classroom teachers, paraprofessionals and other personnel who meet the certification and other requirements under state and federal law. The PSA must annually provide DPSCD with documentation sufficient to demonstrate that it has complied with all applicable requirements and staff qualifications, including certifications of teachers, administrators, et al. This documentation must include copies of the applicable State certifications for each teacher, administrator and paraprofessional working at the PSA.
- 8.05 *Employee License or Certification.* The PSA shall assure that persons working in the PSA, including both instructional and non-instructional staff, meet any and all licensing and certification requirements imposed by applicable local, state or federal ordinance, statute, law or regulation. The PSA must annually provide documentation to demonstrate its compliance with all such requirements, including copies of all required licenses and certifications.
- 8.06 *Criminal Background and Unprofessional Conduct Checks.* The PSA will conduct criminal background and unprofessional conduct checks required by applicable law. The PSA will annually certify its compliance with the requirements of this Section, and, upon the request of DPSCD, provide copies of all background and unprofessional conduct checks performed.
- 8.07 *Total Compensation.* The Academy Board shall, upon request, report the total compensation of each individual working at the Academy.

ARTICLE IX MANAGEMENT CONTRACT

- 9.01 *Contract with Educational Service Provider.* The Academy has previously obtained DPSCD's review of and has placed on file with DPSCD its contractual agreement (the "Management Agreement") with its ESP and the written opinion of its counsel, addressed to DPSCD, that the Management Agreement complies with all applicable law and this contract "Legal Opinion"). The Management Agreement presented to DPSCD and not disapproved by DPSCD is attached in Attachment 1. The name of the Academy's ESP is: Solid Rock Inc.
- 9.02 Forty-five (45) days prior to the approval by the PSA Board of the execution of any new management agreement with a different ESP or any subsequent amendment to the Management Agreement, a copy of the execution version of the new management agreement with a different

ESP or amendment to the Management Agreement shall be presented to the Director of Charter Schools for review. No new management agreement with an ESP or amendment to the Management Agreement shall be executed by or on behalf of the PSA Board, unless and until DPSCD has indicated in writing that it does not disapprove of such execution.

9.03 Every management agreement with an ESP by and between the SDA Board, the current ESP, Solid Rock Inc., or any new ESP, shall comply with the ESP Requirements which include, but are not limited to all of the following:

- a. In negotiating any Management Agreement, the PSA Board shall budget adequate resources to fulfill its Contract requirements, which may include, but are not limited to: oversight of the ESP, negotiation and fulfillment of the Contract and any amendments, PSA Board personnel expenditures, Academy insurance, annual financial audit, the PSA Board's legal counsel, consultants and any other such cost necessary for PSA Board operations.
- b. The PSA Board shall be responsible for determining the budget reserve included in the Academy's annual budget and any budget amendments. In addition, the PSA Board is responsible for implementing fiscal requirements that will assist the Academy in attaining the stated budget reserve amount(s).
- c. The Academy must never allow an ESP to have complete control over the Academy, Funds. The Academy must maintain control over the receipt and spending of all Academy Funds. Financial arrangements with ESPs, as described in the Management Agreement, shall be reviewed by DPSCD on a case by case basis. In the event such financial arrangements do not provide the Academy with sufficient control of Academy Funds, as such sufficient control shall be determined in the sole discretion of DPSCD, the Management Agreement containing such arrangements shall be subject to disapproval by DPSCD.
- d. At all times during the term of the Contract, any ESP engaged by the Academy maintains comprehensive general liability and umbrella insurance coverage at levels satisfactory to DPSCD, as set forth in the Contract. The insurance coverage required of the ESP shall not be in lieu of the insurance coverage requirements applicable to the Academy. Any policy of insurance maintained by the ESP must include coverage for sexual molestation or abuse, must name DPSCD as an additional, named insured, and shall not be changed, revoked or modified absent thirty (30) days' notice to

DPSCD. The management agreement shall also specify that, in the event DPSCD modifies the level, type, scope or other aspects of such coverage, then the ESP shall undertake like and similar modifications within 30 days of being notified of such change.

e. The Management Agreement shall provide that the ESP shall comply with the requirements under the Contract.

f. No provision of the Management Agreement shall interfere with the PSA Board's duties under the Contract, and the Academy's duties under the Contract shall not be limited or rendered impossible by action or inaction of the ESP.

g. No provision of the Management Agreement shall predetermine the PSA Board's course of action in choosing to assert or not assert governmental immunity.

h. The Management Agreement shall state that all financial, educational, and student records pertaining to the Academy are subject to and shall be made available in accordance with the provisions of Michigan Freedom of Information Act, Act 442 of 1976, as amended. All such records must be stored, in physical form, on-site at the Academy's Facility or be directly accessible at the Academy Facility. All records pertaining to teacher and administrator certification, as well as a copy of the employee handbook, shall be maintained physically on site or be directly accessible at the Academy facility.

i. The Management Agreement shall state that any equipment and supplies purchased with Academy Funds shall be Academy property.

j. The Management Agreement shall state that all of the Academy's financial and other ESP-related records will be made available to the Academy's independent auditor and that the ESP staff will cooperate with said auditor, and that the ESP shall not select or retain the Academy's auditor.

k. The Management Agreement must certify that there shall be no markup of costs for supplies, materials, or equipment procured by the ESP on the Academy's behalf and that all supplies, materials, and equipment procured for the Academy by the ESP shall be inventoried by an acceptable method of inventory and further that an inventory of Academy equipment shall be maintained so that it can be clearly established which property belongs to the Academy.

l. The Management Agreement shall contain a provision that states upon its termination the ESP shall work for a specified period of time to

transition to a new ESP, if any. There may be a reasonable fee set forth in the Management Agreement for this service.

m. The Management Agreement shall contain a provision that states upon its termination the ESP shall, without charge (i) close the books on the then-current fiscal quarter; (ii) organize and prepare the Academy's records for transition; (iii) organize and prepare student records for transition to the new ESP if any; and (iv) provide for the orderly transition of employee compensation and benefits to the new ESP, if any, without disruption to staffing.

n. The Management Agreement shall prohibit the ESP from executing contracts with its staff assigned to the Academy (including by way of example and not limitation, teachers administrators, counselors and the like) that contain non-compete agreements of any nature.

o. The Management Agreement shall state that staff assigned to the Academy by the ESP shall be employees of the ESP and not employees of the Academy.

p. The Management Agreement shall require the ESP to have a written conflict of interest policy and prohibit the ESP from executing contracts with any third party for services to be provided to or on behalf of the Academy where there is a conflict of interest.

q. The Academy Board and the ESP may not amend any Management Agreement without complying with the requirements of Article IX of the Contract and the ESP Requirements. No amendment shall be contrary to the ESP Requirements and each shall be accompanied by a Legal Opinion. No Amendment shall be effective until DPSCD notifies the Academy that it does not disapprove of such amendment.

r. Every Management Agreement shall contain the following provision:

"Indemnification of DPSCD. In consideration for the grant of this Contract to the Academy, which is of material value to [the ESP], the parties hereby promise to indemnify and hold harmless DPSCD and its Board of Education (collectively and individually), officers, employees, agents or representatives from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of DPSCD, which arise out of or are in any manner connected with DPSCD' approval of the Application, Board of Education's consideration of or issuance of a Contract, the

Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance by DPSCD and its Board of Education (collectively and individually), officers, employees, agents or representatives upon information supplied by the Academy or the Education Service Provider, or which arise out of the failure of the Academy to perform its obligations under the Contract issued to the Academy by Board of Education. [The ESP] expressly acknowledges and agrees that DPSCD and its Board of Education (collectively and individually), officers, employees, agents or representatives may commence legal action against [the ESP] to enforce its rights as set forth in this Agreement.”

- s. The Management Agreement shall require all ESP employees to undergo criminal background and unprofessional conduct checks required by the Sections 1230 and 1230a of the Code (MCL 380.1230 and MCL 380.1230a), or other similar future law.
- t. The Management Agreement shall contain a provision requiring the ESP to make information available to the Academy as deemed necessary by the PSA Board in order to enable the Academy to fully satisfy its Transparency Reporting under this Contract and also at least the information that a school district is required to be disclosed under MCLA 388.1618 for the most recent fiscal year for which that information is available and any other year for which such information is available as the PSA Board may request.
- u. The Management Agreement must provide that no ESP employee shall be designated as the “Chief Administrative Officer,” as that term is defined in Section 2b(3) of the Uniform Budgeting and Accounting Act, Act 2 of 1968, as amended, Act 2 of 1968, as amended MCLA 141.421 *et seq.*
- v. The Management Agreement must provide that the ESP shall notify the PSA Board if any principal or officer of the ESP, or the ESP (including any related organizations or organizations in which a principal or officer of the ESP served as a principal or officer) as a corporate entity, has filed for bankruptcy protection in the last six (6) months or within any applicable preference period, whichever is longer.
- w. The Management Agreement must contain a provision providing for the early termination or amendment of the Management Agreement, with no cost or penalty to the Academy, and no recourse to DPSCD or any third party affiliated with or engaged by DPSCD, by the ESP or any subcontracted person or entity of the ESP, in the event DPSCD determines to exercise its prerogative under this Contract to require the termination or amendment of the Management Agreement.
- x. Each Management Agreement shall contain an acknowledgement by the ESP that DPSCD shall review any and all proposed management agreements, and

no management agreement shall be effective until the Academy is notified in writing that DPSCD does not disapprove of such management agreement.

- y. The Management Agreement shall contain a covenant by the ESP that it shall do all things reasonably and professionally required to prevent the Academy finances from experiencing any operating or fund balance deficits and shall do all things reasonably and professionally required to keep the Academy solvent.

The Management Agreement shall require the ESP to comply with Sections 1267 and 1274 of the Code and any other statute requiring competitive bidding by public school academies.

ARTICLE X ACADEMY FACILITY

- 10.01 *Locations of Operation.* The PSA shall operate multiple sites at the following location: 4201W. Outer Drive, Detroit, MI 48221 ("Facility") and no others without the written consent of DPSCD.
- 10.02 *Description of the Academy Facilities.* The PSA represents that the description set forth in **Exhibit J** of this Contract is a current and accurate description of the Facility and site plan. Copies of the lease or other agreement under which the Academy enjoys occupancy of the Facility and any other documents required by DPSCD shall be submitted to DPSCD and attached to this Contract as Attachment 3.
- 10.03 *Right of Occupancy and Use.* **Exhibit K** hereto is a copy of the current occupancy and use licenses (i.e., occupancy permit) that confirms the PSA's right to occupy and use the physical plant for school purposes.
- 10.04 *Compliance with Applicable Law.* The PSA represents that the Facility complies with all applicable building, fire and safety, and zoning codes for school use. **Exhibit L** hereto includes copies of all required state and/or local Office of Fire Safety inspections of the physical plant as a school for children in the grades permitted under this Contract.
- 10.05 *Notice of Material Changes.* The PSA will notify the DPSCD Designee not more than five (5) business days following any material changes in the availability or condition of the physical plant, such as through flood, fire, or other unanticipated circumstance. The PSA will notify the DPSCD Designee not more than five (5) business days following any allegation that the PSA or the lessor has breached any lease agreement concerning the physical plant.
- 10.06 The lease, ownership or control of the Academy Facility by the ESP, or any company affiliated with the ESP, is strictly prohibited.

**ARTICLE XI
BUDGET, FINANCIAL PLANS, AND AUDITS**

- 11.01 *Fiscal Agent.* Pursuant to Section 507 of the Code, DPSCD is the fiscal agent of the State of Michigan for the PSA. As fiscal agent, DPSCD assumes no responsibility for the financial condition of the Academy. In accordance with the provisions of the State School Aid Act, DPSCD shall forward to the PSA all State School Aid funds received by DPSCD for the benefit of the PSA, provided there has been no material breach of this Contract; and further provided that DPSCD has not been directed by the Michigan Department of Education to withhold payment of any State School Aid to the PSA, and subject also to any contractual right DPSCD may have to withhold a portion of any State School Aid as payment for rent or fees for any services provided to the Academy by DPSCD.
- 11.02 *Annual Audit.* The PSA shall conduct an annual audit by an independent certified public accountant in accordance with generally accepted governmental accounting principles and in accordance with laws and regulations applicable to public schools and public school academies in Michigan. The PSA shall transmit a copy of the audit and any management letter to DPSCD concurrently with the PSA's filing of such audit to the Michigan Department of Education.
- 11.03 *Budget and Accounting.* The PSA shall establish an annual budget in accordance with the requirements of applicable law. The PSA shall record all liabilities and loans in excess of \$3,000, individually or in the aggregate, in the fiscal year to which the liability relates.
- 11.04 *Inspection and Review.* The PSA shall permit inspection of its records and/or review of its fiscal operations at any time during normal business hours by DPSCD or others as may be designated.
- 11.05 *Insurance.* The PSA shall maintain insurance policies as described below:
- (a) The insurance must be obtained from a mutual, stock, or other responsible company licensed to do business in the State of Michigan. The PSA may join with other public school academies to obtain insurance if the PSA finds that such an association would provide economic advantages to the PSA.
 - (b) During the term of this Contract, the PSA shall maintain insurance coverage as follows:

POLICY TYPE	MINIMUM REQUIREMENTS	COVERAGE
<i>Commercial Property Policy</i> This shall be an all risk policy covering real and personal property of the PSA both on premises and in transit. Replacement cost coverage is preferred	At least actual cash value of the PSA's real and personal property on premises and in transit.	

but shall in no circumstances be less than actual cash value based.	
<i>Comprehensive General Liability</i> This shall include, but not be limited to, personal injury and property damage for premises and operations product liability, fire legal liability, non-owned automobile and contractual liability. The Detroit Public Schools must be named as an additional insured with a minimum 30-day notice of cancellation provision.	\$1,000,000
<i>Automobile Liability/Statutory No-Fault</i> This coverage must be provided on all licensed vehicles owned, leased, or rented by the PSA.	\$500,000
<i>Umbrella Excess Liability</i> This coverage must provide a minimum of follow form excess liability coverage.	\$2,000,000
<i>Workers Compensation</i> Statutory benefits for the State of Michigan. This coverage must provide wage and medical benefits of work-related injuries and employer's liability coverage.	As required by Michigan law Employer's Liability coverages of \$500,000
<i>Employee Fidelity Bond or Equivalent</i> This policy must include, but not be limited to, employee theft, forgery, burglary, and robbery both on and off premises.	\$250,000/\$500,000
<i>PSA Board Directors Liability</i> This policy should cover the PSA Board, executive staff, and employees for "wrongful acts" errors or omissions not typically covered by general liability policies.	\$1,000,000 (Suggested but not required)

- (c) Insurance certificates documenting the purchase of the required insurance are attached as Exhibit M. Updated insurance certificates shall be provided to DPSCD, as soon as possible and in any event no later than within seven (7) days of the expiration or replacement of such insurance policies.
- (d) The PSA shall name DPSCD as an additional insured on each insurance policy that permits it.
- 11.06 *Indemnification.* The PSA agrees to indemnify, hold harmless and defend DPSCD and DPSCD' officers, employees, agents, attorneys and those acting on behalf of their officers, employees, attorneys and agents from any and all claims, actions, expenses, damages, and liabilities, including costs and attorney's fees for the defense of any of them, incurred as a result of or in connection with issuing or performance under this

Contract, including but not limited to claims arising out of, connected with, or resulting from the following:

- (a) The negligence, intentional wrongful act, misconduct or culpability of the PSA's officers, employees, management company, management company staff, contractors, lessors, or other agents in connection with and arising directly or incidentally from the operations of the PSA;
- (b) The PSA's material breach of this Contract or any law, regulation, or ordinance;
- (c) Any failure by the PSA to pay employees, suppliers, lenders, creditors, or other contractors;
- (d) The hiring, supervision, or discipline of any officer, employee, or agent of the PSA or the management company;
- (e) The obligations of the PSA under State or Federal law;
- (f) Damages to any person or property in and around the PSA's premises; and
- (g) The infringement of patent or other proprietary rights in any material, process, machine, or appliance used in the operation of the PSA.

11.07 *Terms of Insurance and Indemnification.* The PSA agrees that the insurance described in Section 11.05 and the duty to indemnify described in Section 11.06 shall continue in force and effect notwithstanding the expiration of this contract or any renewal term.

11.08 *Notice of Claims.* The PSA and DPSCD will make a good faith effort to advise the other of any actual or potential claims subject to the indemnification provision in Section 11.06 above, but failure to do so shall not invalidate the indemnification provision. Neither the PSA nor DPSCD shall settle or compromise any claim or suit subject to the indemnification provision without notice to the other.

ARTICLE XII COMPLIANCE WITH LAW

12.01 *Generally.* The PSA shall comply with the Constitution of the State of Michigan; all federal and state laws and constitutional provisions that prohibit discrimination, including, but not limited to, on the following bases: age, disability, race, color gender, national origin, religion, sexual orientation or ancestry, and the regulations adopted pursuant to those laws; the Code, the state statutes specified in Section 503(7) of the Code, and the State School Aid Act and the rules and guidelines adopted pursuant to those statutes; and any other federal, state or municipal law applicable to public bodies, public school academies, or school districts, and shall ensure that all PSA directors, officers, management company, contractors, teachers, administrators, staff, parents, and pupils are advised of and agree to comply with all relevant provisions of the Code.

12.02 *Specific Assurances.* The PSA specifically acknowledges its obligations to abide by each of the following, including implementing rules and regulations, as they may be amended from time to time:

- (a) The nondiscrimination requirements applicable to recipients of federal funds in Title VI of the Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972;
- (b) Title VII of the Civil Rights Act of 1964;
- (c) The Family and Medical Leave Act of 1993;
- (d) The Age Discrimination Act of 1975 and the Age Discrimination in Employment Act of 1967;
- (e) The Individuals with Disabilities Education Act of 1990;
- (f) Title II of the Americans with Disabilities Education Act of 1990;
- (g) Section 504 of the Rehabilitation Act of 1973;
- (h) The State School Aid Act;
- (i) Section 1751 of the Code regarding special education programs and services;
- (j) The ESEA and its implementing regulations (incl. EDGAR);
- (k) The ESSA and its implementing regulations;
- (l) The Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g;
- (m) 1947 PA 336;
- (n) 1965 PA 166; and
- (o) the Code.

12.03 *Open Meetings Act.* Pursuant to Section 503(7)(a) of the Code, the PSA Board shall conduct all of its meetings in accordance with the Open Meetings Act.

12.04 *Freedom of Information Act.* Pursuant to Section 503(7)(b) of the Code, the records of the PSA shall be records subject to the provisions of the Michigan Freedom of Information Act, Act No. 442 of the Public Acts of 1976, being Sections 15.231 to 15.246 of the Michigan Compiled laws. The PSA shall ensure that any ESP engaged by it agrees that such management company's records, as they relate to the PSA, shall also be subject to the Freedom of Information Act and shall be maintained on the premises of the PSA.

- 12.05 *Competitive Bidding.* The PSA shall comply with Sections 1267 and 1274 of the Code and any other statute requiring competitive bidding by public school academies. The PSA shall ensure that any ESP it engages complies with all competitive bidding requirements imposed on public school academies districts for purchases of items on behalf of or for use at the PSA. The PSA shall maintain all records of competitive bidding for at least two years and provide DPSCD with copies of any such records upon request.
- 12.06 *Other Statutes Specified in Section 503(7).* The PSA shall comply with the requirements of the other state statutes listed in Section 503(7), including, but not limited to Sections 1134, 1135, 1146, 1153, 1263(3) of the Code.
- 12.07 *Notice of Judicial or Administrative Proceedings.* The PSA shall notify DPSCD's legal counsel within five (5) business days of being named as a party in any court proceeding or arbitration or as the subject of any administrative enforcement proceeding alleging any of violation of law arising from the operation of the PSA.
- 12.08 *Transparency Reporting.* The Academy shall collect, maintain, and make information concerning its operation and management available to the public and as is required by state law for a public school district, including at least the following:
- (a) A copy of this Contract and all exhibits, attachments, schedules and amendments;
 - (b) A list of all currently serving members of the PSA Board, including their names, addresses, and terms of office;
 - (c) Copies of all policies approved by the PSA Board;
 - (d) All board materials, agendas, formal resolutions and minutes (excluding minutes kept of closed sessions maintained according to the Open Meetings Act) of all regular and special meetings of the PSA Board;
 - (e) A copy of the budget, and any amendments thereto, approved by the PSA Board;
 - (f) Copies of all bills paid for amounts of \$10,000.00 or more in the form that they are submitted to the PSA Board;
 - (g) Quarterly financial reports submitted to the DPSCD Designee;
 - (h) A current list of all teachers and school administrators working at the Academy, including their individual salaries (as submitted to the registry of educational personnel), copies of their teaching or school administrator's certificates or permits (as applicable), evidence of compliance with the criminal background and unprofessional conduct checks required by the Code;
 - (i) Copies of all leases for facilities and equipment used at the Academy;

- (j) Copies of all deeds relating to real property owned by the Academy;
- (k) Copies of all management or service contracts approved by the PSA Board;
- (l) All health and safety reports and certificates, including those relating to fire safety, environmental matters, asbestos inspections, boiler inspection and food service;
- (m) Any management letters issued as part of the Academy's annual audit;
- (n) Within 20 days after the board or board of directors is informed by the department of the accreditation status of its schools for the purposes of Section 1280 of the Code for the most recent school year for which it is available, post a notice of the accreditation status of each school it operates on the homepage of its website; and
- (o) All other information required by applicable law. For purposes of this Section of this Agreement, availability to the public shall mean that, unless required to be posted on the Academy's website or elsewhere by applicable law, the Academy shall post all documents required by this Section in the locations recommended by that certain memorandum of the Michigan Department of Education to Public School Academies dated February 29, 2012, as updated and attached hereto as **Exhibit N**.

12.09 *Maintenance of Records.* The PSA shall maintain all documents and records to the extent and for the duration required by applicable law.

12.10 *Facility Signage.* The PSA shall conspicuously display signage at the Academy facility and on all letterhead stating that the PSA is authorized by DPSCD. The wording upon such signage and letterhead shall read: "A Detroit Public Schools Community District-authorized charter school."

12.11 *Certified Staff.* The Academy shall use only certified staff, including teachers, business officials and administrators, unless permitted to use staff without certifications, and then only in accordance with applicable law.

12.12 *Reports to MDE.* The Academy shall submit timely any and all reports required to be submitted to the Michigan Department of Education, including, but not limited to, reports relating to online or distance learning.

ARTICLE XIII OVERSIGHT OF THE PUBLIC SCHOOL ACADEMY

13.01 *PSA Responsibilities.* The PSA and any ESP engaged pursuant to Section 9.03 must provide to DPSCD, in the manner and pursuant to the timing specified by DPSCD, any and all documentation necessary to demonstrate the PSA's compliance with the terms of

the Contract and all applicable State and Federal law, including, but not limited to, the documentation specifically required in this Contract, as well as any additional documentation that DPSCD may hereafter in its sole discretion deem necessary for DPSCD to perform its statutory oversight duties.

- 13.02 *DPSCD Responsibilities.* DPSCD shall take such actions as it deems necessary to provide the oversight required of an authorizing body or fiscal agent under the Code. DPSCD may, at its discretion, periodically conduct a review of the records and/or operations of the PSA to determine compliance with all applicable regulations, terms and conditions of this Contract, the Code, and any other applicable laws, and regulations. Such actions may, but are not required to include one or more of the following: a probationary period and a corresponding corrective action plan, acceptable to DPSCD, the establishment of an Academy Dissolution Account as described and referenced in Section 14.07, and/or requirements for additional or more detailed or more frequent reports from the Academy. DPSCD may, at its discretion, designate agents or employees to enter the premises of the PSA during normal business hours or other agreed upon time, on a scheduled or unscheduled basis, to determine whether the PSA is operating in compliance with law and the terms of this Contract. The PSA agrees to cooperate with, and shall ensure that any ESP, contractors, agents or employees working at or for the PSA shall cooperate with the DPSCD in carrying out its responsibilities as an authorizing body or in furtherance of its rights under this Contract or applicable law.
- 13.03 *Administrative Fee.* The PSA agrees that DPSCD may deduct an annual oversight and auditing expense of three percent (3%) of the per-pupil allocation funds that the PSA is entitled to receive pursuant to the State School Aid Act of 1976, as amended.

ARTICLE XIV

TERM, MODIFICATION, AND TERMINATION/REVOCAION OF THE CONTRACT

- 14.01 *Term and Issue of a New Contract.* This Contract is effective as of the date first written above and will terminate on **June 30, 2022**, unless terminated earlier as provided herein. DPSCD may issue a new contract to the PSA for an additional period of time, as agreed between the parties, by mutual written agreement of DPSCD and the PSA, following an assessment of the Academy's progress in meeting the objectives of its academic program and educational goals, including those standards set forth in Section 6.03 of this Contract. The PSA must provide a written request for a new contract no later than September 30th of the final year of this Contract. DPSCD shall, in its sole discretion, determine whether a new contract will be granted. DPSCD reserves the right to not to consider the issuance of or issue a new contract for any reason or for no reason. The most important factors that DPSCD will consider when making its renewal decision will be (a) increases in academic achievement for all groups of pupils as measured by assessments and other objective criteria, (b) a record of timely annual compliance with DPSCD, state and federal reporting requirements, (c) financial stability and viability, (d) facilities satisfactory to the DPSCD Office of Charter Schools, and (e) enrollment sufficient to sustain a quality program, as determined by DPSCD in its sole reasonable discretion. DPSCD reserves the right to change its process and standards for the

issuance of a contract at any time and such changes shall take effect without the need for an amendment to this Contract.

- 14.02 *Amendments.* This Contract may only be amended by the express written and duly authorized agreement of DPSCD and the PSA. DPSCD may request amendment of this Agreement at any time, which the PSA Board shall adopt at its next regularly scheduled PSA Board meeting or the expiration of 30 days, whichever occurs first.
- 14.03 *Termination by Agreement of Parties.* At any time and upon the approval of the PSA Board and the Director of Charter Schools, the parties may agree in writing to terminate this Contract prior to the date of termination specified in Section 14.01 above.
- 14.04 *Grounds for Termination or Revocation.* DPSCD may terminate or revoke this Contract upon a determination, pursuant to the procedures set forth in Section 14.05 below, that one or more of the following has occurred:
- (a) Failure of the PSA to abide by and meet the educational goals set forth in this Contract; including the requirements of Article VI, Section 6.03, including failure to demonstrate improved pupil academic achievement for all groups of pupils;
 - (b) Failure of the PSA to comply with all applicable law;
 - (c) Failure of the PSA to meet generally accepted public sector accounting principles or demonstrate sound fiscal stewardship;
 - (d) Insolvency or bankruptcy of the PSA or the failure of the PSA to pay its debts as they become due;
 - (e) Insufficiency of the PSA's enrollment to support the PSA's successful operation;
 - (f) Any material changes in state funding for the PSA such that, in DPSCD's sole discretion, continuation of the PSA's operation would be infeasible, uneconomical, or impractical;
 - (g) The PSA's default in the payment of fees under any other agreement or contract for services provided to the PSA, which default remains uncured for a period of thirty (30) business days;
 - (h) Failure of the PSA to cure a material breach of this Contract;
 - (i) Provision by the PSA of false or inaccurate information on the Application, this Contract, or other materials submitted to DPSCD;
 - (j) Refusal by the PSA to provide information and documents required under this Contract or to provide access to the PSA facility, documents or records;
 - (k) Any academic reason deemed appropriate by DPSCD, in its sole discretion, including placement on the Michigan Department of Education's persistently low

achieving list and operation in its second year of restructuring as provided in MCLA 380.1280c; and

- (l) Any other reason permitted by law.

14.05 *Procedures for Termination or Revocation.* DPSCD shall not revoke this Contract unless all of the following procedures have been followed:

- (a) Notice of Charges. The Director shall advise the PSA Board in writing of a preliminary review by a DPSCD Designee that grounds for revocation may exist.
 - (i) The notice shall provide the names and addresses of individuals charging the PSA with failure to comply with this Contract and shall set forth the alleged grounds in sufficient detail for the PSA to respond.
 - (ii) The PSA shall have ten (10) business days to respond in writing to the Director of DPSCD Office of Charter Schools specifically addressing the charges set forth in the notice.
- (b) Investigating of Charges and Report. The Director of DPSCD Office of Charter Schools shall conduct an investigation to determine whether grounds for revocation or termination of the Contract exist. A final report with recommendation for termination or revocation, if applicable, will be filed with the Board of Education or its Designee and delivered to the PSA.
- (c) Decision by the Board of Education or its Designee. After receiving the report of the Director of DPSCD Office of Charter Schools, DPSCD or its Designee shall determine whether the Contract shall be revoked or terminated and shall provide written notification of his/her decision to the PSA.

14.06 *Authority and Finality of DPSCD' Decisions.* A decision by DPSCD to terminate, revoke or not to renew this Contract is solely within DPSCD's discretion and is final. DPSCD's termination, revocation or decision not to renew this Contract is not subject to review by a court or any state agency. DPSCD is not liable to any party for its action in terminating, revoking or not renewing this Contract to the PSA, a pupil of the PSA, the parent or guardian of any pupil of the PSA, or any other person, including any ESP, contractor or agent of the PSA.

14.07 *PSA's Responsibilities upon Termination, Revocation or Non-Renewal.*

- (d) If the Contract is terminated, revoked or not renewed, the PSA shall be solely responsible for any and all debts, loans, and obligations incurred at any time by the PSA in connection with the operation of the PSA. In the event of a termination, revocation or non-renewal, within thirty (30) days of notice of such termination, revocation or non-renewal, the Academy shall deposit into a separate Academy account (the "Academy Dissolution Account") the sum of Ten Thousand Dollars (\$10,000) per month, for total not to exceed Thirty Thousand Dollars (\$30,000), to be used exclusively for the costs associated with the wind-up and dissolution

responsibilities of the Academy. If the Academy has any state aid payments scheduled to be received after notice of termination, revocation or non-renewal, the Academy immediately shall provide DPSCD, in the form and manner determined by the DPSCD, with such account detail information and authorization to enable DPSCD to direct such funds to the Academy Dissolution Account. If the event that the Academy fails to establish the required account, DPSCD, as fiscal agent, is hereby authorized to establish an Academy Dissolution Account out of any remaining Academy state aid in its possession or to be received on behalf of the Academy, to satisfy the provisions of this section.

- (e) As required by Section 1618b of the State School Aid Act, if this Contract is terminated, revoked or not renewed, or if the PSA has been otherwise ineligible to receive state school aid funds for a period of at least three (3) consecutive months, the PSA must transfer to the State all property that was substantially acquired using state school aid funds.
 - (i) Property required to be transferred includes title to all real and personal property, interests in real or personal property, and other assets owned by the PSA that were substantially acquired through state school aid funds.
 - (ii) Transfer of property as required by Section 1618b of the State School Aid Act does not impose any liability on the State of Michigan, any State agency, or DPSCD for any debt incurred by the PSA.

14.08 Termination, revocation or non-renewal of this Contract shall not relieve the PSA from any of its duties to prepare a final audit or comply with any statute, law or applicable regulation.

14.09 *Notification by State.* If the Academy is notified by the State that the Academy will be placed in the State School Reform/ Redesign School District pursuant to Section 1280c of the Code, then the Authorizing Body may terminate this Contract at the end of the current school year.

14.10 *Notification by Superintendent of Public Instruction.* If DPSCD is notified by the Superintendent of Public Instruction that the Academy is subject to closure under Part 6a of the Code ("State's Automatic Closure Notice"), then this Contract shall automatically terminate at the end of the current school year in which the notice is received without any further action of DPSCD or the Academy. Following receipt of the State's Automatic Closure Notice, DPSCD shall forward a copy of the State's Automatic Closure Notice to the PSA Board and request a meeting with PSA Board representatives to discuss the Academy's plans and procedures for wind-up and dissolution of the Academy corporation at the end of the current school year. Immediately upon receipt of the State's Automatic Closure Notice, the Academy shall establish the Academy Dissolution Account referenced in Section 14.07.

14.11 *Issuance of Order.* The issuance of an order by the Superintendent of Public Instruction, pursuant to section 1280c of the Code, placing the Academy under the supervision of the State School Reform/Redesign Officer, shall constitute a material breach of

this Contract. Following the issuance of the order, DPSCD shall notify the Academy of the material breach and request a meeting with PSA Board representatives to discuss the matter. To remedy the material breach, the Academy shall work toward the development of a corrective action plan that is acceptable to DPSCD. In addition to other matters, the corrective action plan shall include the Academy's redesign plan prepared pursuant to section 1280c of the Code. The development of a corrective action plan under this Section shall not in any way limit the rights of DPSCD to terminate, suspend or revoke this Contract.

14.12 *Corrective Action by Order of Reconstitution.* In addition to, or in lieu of, any provisions herein, DPSCD, in its sole discretion, may issue an Order of Reconstitution requiring the Academy to undertake a plan of corrective action in order to avoid revocation of its Contract ("Corrective Action"). The plan of Corrective Action may include (but shall not be limited to) cancellation of the Academy's contract with its ESP, withdrawal of DPSCD' approval of the ESP Agreement, termination of one or more Academy Directors' service, appointment of a new member or members to the PSA Board, or designation of a trustee or receiver to take over the operation of the Academy. In the event a Corrective Action plan is undertaken, the following steps will be observed:

- (a) DPSCD will notify the Academy, in writing, of the specific educational performance or operational issues that it deems failing at the Academy and its intent to revoke the Academy's Contract if the issues are not corrected by a date certain, which will be no earlier than 120 days (absent exigent circumstances) after the date of the notice;
- (b) Within thirty days after receipt of the notice described above, the Academy shall respond to DPSCD with any information that the PSA Board deems relevant to the issues and a plan of correction;
- (c) If DPSCD approves of the plan of correction, it shall be implemented and the Contract shall be amended accordingly; if DPSCD disapproves the plan of correction, it may implement corrective action in a manner that it, in its sole discretion, deems appropriate to the situation or continue with the revocation of the Contract as it sees fit.

For good cause, DPSCD may extend the deadlines set forth above. The issuance of the termination letter shall automatically terminate this Contract without any further action by either party. Upon issuance of the termination letter, DPSCD shall notify the Superintendent of Public Instruction, the Michigan Department of Education, the Michigan Finance Authority (if applicable) or the successors that the Contract has been terminated.

ARTICLE XV GENERAL TERMS

15.01 *Notices.* Any and all notices permitted or required to be given hereunder shall be deemed duly given: (i) upon actual delivery, if delivery is by hand; or (ii) upon receipt by the transmitting party of confirmation or answer back if delivery is by email or facsimile; (iii)

upon delivery into United States mail if delivery is by postage-paid registered or certified mail, with return receipt requested; or (iv) upon delivery by a nationally recognized overnight delivery service. Each such notice shall be sent to the respective party at the address indicated below or at any other address the party may designate by notice delivered pursuant hereto:

(a) If to DPSCD Designee:

Detroit Public Schools Community District
Office of Charter Schools
Fisher Building, 9th Floor
3011 West Grand Boulevard
Detroit, Michigan 48202
Attn: Director - Office of Charter Schools

Copy to:
Detroit Public Schools Community District
Fisher Building, 10th Floor
3011 West Grand Boulevard
Detroit, Michigan 48202
Attn: Office of the General Counsel

(b) If to Academy:

MacDowell Preparatory Academy
4201 W. Outer Drive
Detroit, Michigan 48221
Attn: Board President

- 15.02 *Interpretation, Enforcement, Validity, Construction and Effect.* This Contract shall be governed and controlled by the laws of the State of Michigan as to its interpretation, enforcement, validity, construction, and effect, and in all other respects.
- 15.03 *Captions.* The captions and headings used in this Contract are for convenience only and shall not be used in construing the provisions of this Contract.
- 15.04 *Non-Waiver.* Except as provided herein, no term or provision of the Contract shall be deemed waived and no breach or default shall be deemed excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. No consent by any party to or waiver of, a breach or default by the other, whether expressed or implied, shall constitute a consent to, waiver of, or excuse for any different or subsequent breach or default.
- 15.05 *Force Majeure.* If any circumstances occur that are beyond the control of the parties and that delay or render impossible performance of the obligations of one or both of the

parties, the parties' obligations to perform such services shall be postponed for an equivalent period of time or, if such performance has been rendered permanently impossible by such circumstances, shall be canceled.

- 15.06 *Severability.* If any provision in this Contract is held to be invalid or unenforceable, it shall be ineffective only to the extent of the invalidity, without affecting or impairing the validity and enforceability of the remainder of the provision or the remaining provisions of this Contract.
- 15.07 *Counterparts.* This Contract may be executed in any number of counterparts. Each counterpart so executed shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.
- 15.08 *Access to Copies of the Contract.* The PSA agrees to make copies of this Contract available for public inspection at its administrative offices during normal business hours.
- 15.09 *DPSCD Immunity.* Pursuant to Section 380.503(7) of the Code, DPSCD and its agents are immune from liability in connection with any acts or omissions in connection with DPSCD authorization of this Contract, provided that such actions were within the scope of DPSCD or its agent's authority or were undertaken in the reasonable belief that the actions were within the scope of that authority.
- 15.10 *DPSCD Assignments and Transfers.* The District, without the written consent of the PSA, may assign this Contract and its rights and delegate its obligations hereunder to any successor school district. Any permitted assignee shall assume all assigned obligations of its assignor under this Agreement.
- 15.11 *Entire Contract.* This Contract, along with all documentation referenced herein or attached hereto, sets forth the entire agreement between DPSCD and the PSA with respect to the subject matter of this Contract.
- 15.12 *Contract Submission to MDE.* This Contract shall be submitted to the Michigan Department of Education within ten days of issuance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their respective and duly authorized officers as of the day and year indicated herein.

MACDOWELL PREPARATORY
ACADEMY

SCHOOL DISTRICT OF THE CITY
OF DETROIT

By: Nicole Wells Stallworth

By: _____

Its: President

Its: _____

Dated: 5/24/2017

Dated: _____, 2017

DPSCD Approved as to Form:
Office of the General Counsel

By: _____

Name:

Title:

In accordance with MCL 380.503 (6) (i), I certify that MacDowell Preparatory Academy will comply with all federal and state laws, rules, and the terms of this Contract.

By: [Signature]

PSA Board President

Date: 5/24/2017

**EXHIBIT A
BOARD MEMBERS**

EXHIBIT B
ARTICLES OF INCORPORATION

**EXHIBIT C
BYLAWS**

- | | | |
|--|-----|-----|
| a. Enter into contractual agreements with the Academy or the management company contracted by the Academy | Yes | No |
| b. Have ownership interest, directly or indirectly, in the management company or any other company contracting with the Academy | Yes | No |
| <hr/> | | |
| c. Lease or sale of real property to the Academy or the management company contracted by the Academy | Yes | No |
| d. Sale of any supplies, materials, equipment or other personal property to the Academy or the management company contracted by the Academy | Yes | No |
| e. Guarantee any loans for the Academy or provisions for any money | | Yes |
| No | | |
| f. Have employment with the Academy, its management company or other contractors | Yes | No |
| g. Have a personal or business relationship with a current Academy board member, staff or faculty member | Yes | No |
| h. Receive, directly or indirectly, any payments, gifts, or anything else of value from the Academy, its management company contracted by the Academy, or from anyone acting on behalf of either the Academy or the management company | Yes | No |
| 2. Does or will any other individual, board, group or corporations believe it has a right to control or have input on votes you will cast as a member of the Academy board? | | Yes |
| No | | |
| 3. Do you currently serve as a member of the board of any public school district or public school Academy other than this Academy's board? | | Yes |
| No | | |
| 4. Do you have any experience in, or association with, local, state or federal government (exclusive of elective public office but including advisory, consultative, honorary or other part time service or position)? If yes, please list dates of service. | Yes | No |
| 5. Have you served as a public official since your last appointment anniversary date? (If you do not serve as a public official in any other capacity than this Academy board, please select "No" as your response.) | | Yes |
| No | | |

6. To the best of your knowledge, are there situations not described above which may give the appearance of a conflict of interest between you or a member of your immediate family, or would make it difficult for you to discharge the duties of your office in an independent manner?

Yes

No

Certification

I recognize that all information submitted with this Annual Conflict of Interest Disclosure becomes a matter of public record, subject by law to disclosure upon request to members of the general public. I agree to release, hold harmless and indemnify Detroit Public Schools, its trustees, officers, employees, or authorized agents from liability for the disclosure of any information related to my representation contained herein.

I hereby certify that all information contained in this document is true and complete to the best of my knowledge and agree to notify the Academy and the Detroit Public Schools Office of Charter Schools of any change that may create a conflict of interest. **Upon disclosure of actual or potential conflicts of interest, I understand that I may need to meet additional requirements as determined by the Detroit Public Schools in order to remain on the board.** Further, I recognize that falsification or failure to submit a complete Annual Conflict of Interest Disclosure may result in my removal from the board.

Signature

Date

**Detroit Public Schools
Office of Charter Schools
3011 W. Grand Blvd., 9th Floor Fisher Bldg.
Detroit, MI 48202
Tel: 313.873.7927 • Fax: 313.873.6194**

**EXHIBIT E
CURRICULUM**

**EXHIBIT F
ASSESSMENTS**

EXHIBIT G
EDUCATIONAL GOALS

EXHIBIT H
EDUCATIONAL PROGRAM

EXHIBIT I
SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE,

EXHIBIT J
FACILITY DESCRIPTION

**EXHIBIT K
OCCUPANCY AND USE LICENSES**

**EXHIBIT L
FIRE MARSHALL APPROVALS**

EXHIBIT M
INSURANCE CERTIFICATES

EXHIBIT N
MEMORANDUM OF THE MICHIGAN DEPARTMENT OF EDUCATION TO PUBLIC
SCHOOL ACADEMIES DATED FEBRUARY 29, 2012, AS UPDATED

**ATTACHMENT 1
MANAGEMENT AGREEMENT AND AMENDMENTS**

**ATTACHMENT 2
STAFF CONTRACTS**

**ATTACHMENT 3
LEASE OR DEED FOR FACILITY**

